

BILL ANALYSIS

Senate Research Center

S.B. 1370
By: Madla
Intergovernmental Relations
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Enrolled

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

During the 78th legislative interim, the Senate Intergovernmental Relations Committee was charged with examining the Texas wine industry and making recommendations to increase the impact of that industry on the state's economy.

The committee found that Texas has all the elements necessary to be a competitive force in the national and international wine industries; the Texas wine industry could prove to be a stellar economic generator for the state of Texas; that with the proper policies in place, the Texas wine producing industry is positioned to boom within the next five to 10 years; and that although progress has been made throughout the years, insufficient funding and budget reductions for new and existing education, training, and research hinder the development of the industry.

It has been shown by the world's major wine producing regions that investment into education and research is critical to the success of any state's wine industry and creates an unparalleled advantage for their grape and wine producers. Although a basic level of viticulture services is currently provided through Texas A&M and Texas Tech universities, that level is insufficient to adequately meet the needs of existing grape and wine producers, much less nurture and support the growth of these industries.

Additionally, expansion of the Texas wine industry will need an influx of professional talent and expertise, particularly in the specialized fields of wine production and vineyard development. Nationwide, only universities in California and Washington State offer four-year undergraduate degree programs in viticulture and/or enology, making it difficult for Texas students and students in neighboring states to acquire the education and expertise needed to grow the wine industry at home and for our universities to acquire research grants.

The enhancement of existing programs and creation of new ones to support the wine and grape industries will require the infusion of new funds.

S.B. 1370 establishes a process by which revenues, generated from the growth of wine sales in this state, in excess of what would have been anticipated without the passage of recent legislation to stimulate that growth, will be captured for reinvestment into programs which will further stimulate the growth of the wine producing industry.

Dedicating new revenues generated by the growth of the Texas wine industry for its support will incentivize accurate reporting, relieve demand on existing revenues, and provide a portion of the funds necessary to implement strategies to improve the Texas wine and grape industries statewide.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 205, Alcoholic Beverage Code, by adding Section 205.03, as follows:

Sec. 205.03. EXCEPTION FOR CERTAIN WINE-RELATED REVENUE. (a) Defines "institution of higher education."

(b) Authorizes certain revenue to be appropriated for each state fiscal year as specified by this section, notwithstanding Section 205.02 (Disposition of Receipts).

(c) Authorizes certain revenue to be appropriated only to the Texas Cooperative Extension for extension viticulture operations.

(d) Authorizes certain revenue to be appropriated only to the Texas Agriculture Experiment Station for viticulture research.

(e) Authorizes certain revenue to be appropriated only to the Texas Wine Marketing Research Institute at Texas Tech University.

(f) Authorizes certain revenue to be appropriated only to the Department of Agriculture.

(g) Sets forth distribution of money appropriated to the Department of Agriculture.

(h) Authorizes the commissioner of agriculture, if the maximum amount that may be distributed for a purpose provided by Subsection (g) is not available and the commissioner determines that the amount available for that purposes is insufficient to achieve that purpose, to deposit the lesser amount into the wine industry development fund.

(i) Authorizes certain funding to be used only for a purpose described by Subsection (m).

(j) Authorizes certain revenue to be appropriated only to the T.V. Munson Viticulture and Enology Center at Grayson Community College to fund the associate degree program at the center.

(k) Sets forth guidelines for appropriation of funding if the amount available under Subsection (b) exceeds the amount that may be appropriated under Subsections (c)-(i).

(l) Requires certain excess revenue to be deposited in the general revenue fund to the credit of the wine industry development fund and authorizes said revenue to be appropriated only to the Department of Agriculture. Authorizes money appropriated under this subsection to be used only for the purpose of providing funding to public or private entities to conduct surveys, research, and other projects related to a purpose described by Subsection (m) or (n).

(m) Authorizes revenue derived under Subsection (b)(1) and not otherwise appropriated under Subsections (c)-(k) to be appropriated only for certain activities pertaining to the wine industry.

(n) Authorizes certain revenue to be appropriated only for the purposes of increasing the economic impact of the Texas wine producing industry on the state.

(o) Requires the comptroller to provide the Department of Agriculture information necessary to allow the department to identify the amount of revenue appropriated to the department that is derived under Subsection (b)(1) and the amount of that revenue that is derived under Subsection (b)(2) so that the department may distribute the revenue in accordance with this section.

(p) Provides that this section expires September 1, 2015.

SECTION 2. Effective date: September 1, 2005.