BILL ANALYSIS

Senate Research Center | S.B. 1370
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Intergovernmental Relations
4/11/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

During the 78th interim, the Senate Intergovernmental Relations Committee was charged with examining the Texas wine producing 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.

As proposed, 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 Section 205.02, Alcoholic Beverage Code, by adding Subsection (c), follows:

(c) Authorizes an amount equal to 75 percent of the increase in the receipts from the sale of tax stamps and funds derived from taxes on wine produced in a state other than Texas, as measured by comparing that biennium's receipts and funds, as projected by the comptroller, to the receipts and funds from fiscal year 2005 plus an amount equal to the average percentage growth of funds derived from taxes on wine produced in this state between fiscal year 1999 through fiscal year 2004, for each fiscal year as projected by the comptroller, to be appropriated only to the Department of Agriculture or Texas institutions of higher education for the purposes of eliminating and eradicating certain diseases and pests that negatively impact the production of grapes and wine in the United States or developing technologies or practices that could benefit the production of grapes and wine in the United States. Provides that this subsection expires September 1, 2010.

SECTION 2. Effective date: September 1, 2005.