

AN ACT

relating to the disposition of certain tax revenue for the protection and development of grape and wine production.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 205, Alcoholic Beverage Code, is amended by adding Section 205.03 to read as follows:

Sec. 205.03. EXCEPTION FOR CERTAIN WINE-RELATED REVENUE.

(a) In this section, "institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(b) Notwithstanding Section 205.02, the following revenue may be appropriated for each state fiscal year only as specified by this section:

(1) the lesser of:

(A) the amount, if any, by which the amount of revenue derived from excise taxes on wine produced in a state other than Texas and any sales taxes collected from holders of out-of-state winery direct shipper's permits as a result of the passage of Senate Bill No. 877 by the 79th Legislature, Regular Session, 2005, according to the most recent projection, as of the beginning of the fiscal year, by the comptroller for the fiscal year exceeds the amount of revenue from those sources for fiscal year 2004, compounded annually for fiscal years 2005-2015 by the average percentage by which revenue from those sources increased from one fiscal year to the next between September 1, 1999, and August 31,

1 2003; or

2 (B) \$1 million; and

3 (2) the lesser of:

4 (A) the amount, if any, by which revenue derived
5 from excise taxes on wine produced in this state and sales taxes
6 remitted by holders of winery permits in this state, according to
7 the most recent projection, as of the beginning of the fiscal year,
8 by the comptroller for the fiscal year exceeds the amount of revenue
9 from those sources for fiscal year 2004, compounded annually for
10 fiscal years 2005-2015 by the average percentage by which revenue
11 from those sources increased from one fiscal year to the next
12 between September 1, 1999, and August 31, 2003; or

13 (B) \$1 million.

14 (c) Out of the amounts available under Subsections (b)(1)
15 and (2) for a fiscal year, the lesser of \$50,000 or the total amount
16 available under those subdivisions may be appropriated only to the
17 Texas Cooperative Extension for extension viticulture operations.

18 (d) If the amount available for a fiscal year under
19 Subsections (b)(1) and (2) exceeds \$50,000, the lesser of \$50,000
20 or the total amount available under those subdivisions may be
21 appropriated only to the Texas Agricultural Experiment Station for
22 viticulture research.

23 (e) If the amount available for a fiscal year under
24 Subsections (b)(1) and (2) exceeds \$100,000, the lesser of the
25 amount remaining under Subsection (b)(2) or \$65,000 may be
26 appropriated only to the Texas Wine Marketing Research Institute at
27 Texas Tech University.

1 (f) If the amount available for a fiscal year under
2 Subsections (b)(1) and (2) exceeds the amounts that may be
3 appropriated under Subsections (c), (d), and (e), the lesser of the
4 amount remaining under Subsections (b)(1) and (2) or \$280,000 may
5 be appropriated only to the Department of Agriculture for
6 distribution as provided by Subsections (g), (h), and (i).

7 (g) Except as provided by Subsections (h) and (i), money
8 appropriated to the Department of Agriculture under Subsection (f)
9 may be distributed only as follows:

10 (1) the lesser of the total amount appropriated to the
11 department under Subsection (f) or \$50,000 shall be distributed to
12 an appropriate institution of higher education to fund a new
13 part-time extension faculty position in enology;

14 (2) if the amount appropriated under Subsection (f)
15 exceeds \$50,000, the lesser of the remaining amount or \$50,000
16 shall be distributed to an appropriate institution of higher
17 education for extension enology operations;

18 (3) if the amount appropriated under Subsection (f)
19 exceeds \$100,000, the lesser of the remaining amount or \$50,000
20 shall be distributed to the institution of higher education
21 designated under Subdivision (1) to fund a new part-time faculty
22 position in enology research;

23 (4) if the amount appropriated under Subsection (f)
24 exceeds \$150,000, the lesser of the remaining amount or \$50,000
25 shall be distributed to an appropriate institution of higher
26 education to fund enology research program operations;

27 (5) if the amount appropriated under Subsection (f)

1 exceeds \$200,000, the lesser of the remaining amount or \$30,000
2 shall be distributed to an appropriate institution of higher
3 education for technical support personnel for enology research; and

4 (6) if the amount appropriated under Subsection (f)
5 exceeds \$230,000, the lesser of the remaining amount or \$50,000
6 shall be distributed to an appropriate institution of higher
7 education to fund two graduate internships in enology.

8 (h) If the maximum amount that may be distributed for a
9 purpose provided by Subsection (g) is not available and the
10 commissioner of agriculture determines that the amount available
11 for that purpose is insufficient to achieve that purpose, the
12 commissioner of agriculture may deposit the lesser amount into the
13 wine industry development fund to be used for a purpose described by
14 Subsection (l).

15 (i) Money appropriated under Subsection (f) derived from
16 Subsection (b)(1) may be used only for a purpose described by
17 Subsection (m).

18 (j) If the amount available for a fiscal year under
19 Subsections (b)(1) and (2) exceeds the amount that may be
20 appropriated under Subsections (c)-(g), the lesser of the amount
21 remaining under Subsections (b)(1) and (2) or \$50,000 may be
22 appropriated only for distribution to the T. V. Munson Viticulture
23 and Enology Center at Grayson Community College to fund the
24 associate degree program at the center.

25 (k) If the amount available for a fiscal year under
26 Subsections (b)(1) and (2) exceeds the amount that may be
27 appropriated under Subsections (c)-(j):

1 (1) the lesser of the amount remaining under
2 Subsection (b)(2) or \$250,000 may be appropriated only to the
3 commission; and

4 (2) the commission shall reduce the amount of the
5 surcharge imposed during the following fiscal year under Section
6 5.55, as added by Chapter 101, Acts of the 78th Legislature, Regular
7 Session, 2003, on permit and license holders who are not authorized
8 to sell wine by an amount that will reduce the total amount
9 collected under that section by the amount appropriated to the
10 commission under Subdivision (1).

11 (1) If the amount available for a fiscal year under
12 Subsections (b)(1) and (2) exceeds the amounts that may be
13 appropriated under Subsections (c)-(k), the remaining amount shall
14 be deposited in the general revenue fund to the credit of the wine
15 industry development fund and may be appropriated only to the
16 Department of Agriculture. Money appropriated under this
17 subsection may be used only for the purpose of providing funding to
18 public or private entities to conduct surveys, research, and other
19 projects related to a purpose described by Subsection (m) or (n).

20 (m) Revenue derived under Subsection (b)(1) and not
21 otherwise appropriated under Subsections (c)-(k) may be
22 appropriated only for the purpose of:

23 (1) developing viticulture-related and
24 enology-related education programs;

25 (2) eliminating and eradicating Pierce's disease, the
26 glassy-winged sharpshooter, and other diseases and pests that
27 negatively impact the production of grapes and wine in the United

1 States; or

2 (3) developing technologies, strategies, or practices
3 that could benefit the production of grapes and wine in the United
4 States.

5 (n) Revenue derived under Subsection (b)(2) and not
6 otherwise appropriated under Subsections (c)-(k) may be
7 appropriated only for the purposes of increasing the economic
8 impact of the Texas wine producing industry on the state.

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

15 (p) This section expires September 1, 2015.

16 SECTION 2. This Act takes effect September 1, 2005.

S.B. No. 1370

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1370 passed the Senate on May 3, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1370 passed the House on May 25, 2005, by a non-record vote.

Chief Clerk of the House

Approved:

Date

Governor