

1-1 By: Madla S.B. No. 1370
1-2 (In the Senate - Filed March 10, 2005; March 21, 2005, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 26, 2005, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 April 26, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1370 By: Madla

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the disposition of certain tax revenue for the
1-11 protection and development of grape and wine production.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Chapter 205, Alcoholic Beverage Code, is amended
1-14 by adding Section 205.03 to read as follows:

1-15 Sec. 205.03. EXCEPTION FOR CERTAIN WINE-RELATED REVENUE.

1-16 (a) In this section, "institution of higher education" has the
1-17 meaning assigned by Section 61.003, Education Code.

1-18 (b) Notwithstanding Section 205.02, the following revenue
1-19 may be appropriated for each state fiscal year only as specified by
1-20 this section:

1-21 (1) the lesser of:

1-22 (A) the amount, if any, by which the amount of
1-23 revenue derived from excise taxes on wine produced in a state other
1-24 than Texas and any sales taxes collected from holders of
1-25 out-of-state winery direct shipper's permits as a result of the
1-26 passage of Senate Bill No. 877 by the 79th Legislature, Regular
1-27 Session, 2005, according to the most recent projection, as of the
1-28 beginning of the fiscal year, by the comptroller for the fiscal year
1-29 exceeds the amount of revenue from those sources for fiscal year
1-30 2004, compounded annually for fiscal years 2005-2015 by the average
1-31 percentage by which revenue from those sources increased from one
1-32 fiscal year to the next between September 1, 1999, and August 31,
1-33 2003; or

1-34 (B) \$1 million; and

1-35 (2) the lesser of:

1-36 (A) the amount, if any, by which revenue derived
1-37 from excise taxes on wine produced in this state and sales taxes
1-38 remitted by holders of winery permits in this state, according to
1-39 the most recent projection, as of the beginning of the fiscal year,
1-40 by the comptroller for the fiscal year exceeds the amount of revenue
1-41 from those sources for fiscal year 2004, compounded annually for
1-42 fiscal years 2005-2015 by the average percentage by which revenue
1-43 from those sources increased from one fiscal year to the next
1-44 between September 1, 1999, and August 31, 2003; or

1-45 (B) \$1 million.

1-46 (c) Out of the amounts available under Subsections (b)(1)
1-47 and (2) for a fiscal year, the lesser of \$50,000 or the total amount
1-48 available under those subdivisions may be appropriated only to the
1-49 Texas Cooperative Extension for extension viticulture operations.

1-50 (d) If the amount available for a fiscal year under
1-51 Subsections (b)(1) and (2) exceeds \$50,000, the lesser of \$50,000
1-52 or the total amount available under those subdivisions may be
1-53 appropriated only to the Texas Agricultural Experiment Station for
1-54 viticulture research.

1-55 (e) If the amount available for a fiscal year under
1-56 Subsections (b)(1) and (2) exceeds \$100,000, the lesser of the
1-57 amount remaining under Subsection (b)(2) or \$65,000 may be
1-58 appropriated only to the Texas Wine Marketing Research Institute at
1-59 Texas Tech University.

1-60 (f) If the amount available for a fiscal year under
1-61 Subsections (b)(1) and (2) exceeds the amounts that may be
1-62 appropriated under Subsections (c), (d), and (e), the lesser of the
1-63 amount remaining under Subsections (b)(1) and (2) or \$280,000 may

2-1 be appropriated only to the Department of Agriculture for
 2-2 distribution as provided by Subsections (g), (h), and (i).

2-3 (g) Except as provided by Subsections (h) and (i), money
 2-4 appropriated to the Department of Agriculture under Subsection (f)
 2-5 may be distributed only as follows:

2-6 (1) the lesser of the total amount appropriated to the
 2-7 department under Subsection (f) or \$50,000 shall be distributed to
 2-8 an appropriate institution of higher education to fund a new
 2-9 part-time extension faculty position in enology;

2-10 (2) if the amount appropriated under Subsection (f)
 2-11 exceeds \$50,000, the lesser of the remaining amount or \$50,000
 2-12 shall be distributed to an appropriate institution of higher
 2-13 education for extension enology operations;

2-14 (3) if the amount appropriated under Subsection (f)
 2-15 exceeds \$100,000, the lesser of the remaining amount or \$50,000
 2-16 shall be distributed to the institution of higher education
 2-17 designated under Subdivision (1) to fund a new part-time faculty
 2-18 position in enology research;

2-19 (4) if the amount appropriated under Subsection (f)
 2-20 exceeds \$150,000, the lesser of the remaining amount or \$50,000
 2-21 shall be distributed to an appropriate institution of higher
 2-22 education to fund enology research program operations;

2-23 (5) if the amount appropriated under Subsection (f)
 2-24 exceeds \$200,000, the lesser of the remaining amount or \$30,000
 2-25 shall be distributed to an appropriate institution of higher
 2-26 education for technical support personnel for enology research; and

2-27 (6) if the amount appropriated under Subsection (f)
 2-28 exceeds \$230,000, the lesser of the remaining amount or \$50,000
 2-29 shall be distributed to an appropriate institution of higher
 2-30 education to fund two graduate internships in enology.

2-31 (h) If the maximum amount that may be distributed for a
 2-32 purpose provided by Subsection (g) is not available and the
 2-33 commissioner of agriculture determines that the amount available
 2-34 for that purpose is insufficient to achieve that purpose, the
 2-35 commissioner of agriculture may deposit the lesser amount into the
 2-36 wine industry development fund to be used for a purpose described by
 2-37 Subsection (l).

2-38 (i) Money appropriated under Subsection (f) derived from
 2-39 Subsection (b)(1) may be used only for a purpose described by
 2-40 Subsection (m).

2-41 (j) If the amount available for a fiscal year under
 2-42 Subsections (b)(1) and (2) exceeds the amount that may be
 2-43 appropriated under Subsections (c)-(g), the lesser of the amount
 2-44 remaining under Subsections (b)(1) and (2) or \$50,000 may be
 2-45 appropriated only for distribution to the T. V. Munson Viticulture
 2-46 and Enology Center at Grayson Community College to fund the
 2-47 associate degree program at the center.

2-48 (k) If the amount available for a fiscal year under
 2-49 Subsections (b)(1) and (2) exceeds the amount that may be
 2-50 appropriated under Subsections (c)-(j):

2-51 (1) the lesser of the amount remaining under
 2-52 Subsection (b)(2) or \$250,000 may be appropriated only to the
 2-53 commission; and

2-54 (2) the commission shall reduce the amount of the
 2-55 surcharge imposed during the following fiscal year under Section
 2-56 5.55, as added Chapter 101, Acts of the 78th Legislature, Regular
 2-57 Session, 2003, on permit and license holders who are not authorized
 2-58 to sell wine by an amount that will reduce the total amount
 2-59 collected under that section by the amount appropriated to the
 2-60 commission under Subdivision (1).

2-61 (l) If the amount available for a fiscal year under
 2-62 Subsections (b)(1) and (2) exceeds the amounts that may be
 2-63 appropriated under Subsections (c)-(k), the remaining amount shall
 2-64 be deposited in the general revenue fund to the credit of the wine
 2-65 industry development fund and may be appropriated only to the
 2-66 Department of Agriculture. Money appropriated under this
 2-67 subsection may be used only for the purpose of providing funding to
 2-68 public or private entities to conduct surveys, research, and other
 2-69 projects related to a purpose described by Subsection (m) or (n).

3-1 (m) Revenue derived under Subsection (b)(1) and not
3-2 otherwise appropriated under Subsections (c)-(k) may be
3-3 appropriated only for the purpose of:

3-4 (1) developing viticulture-related and
3-5 enology-related education programs;

3-6 (2) eliminating and eradicating Pierce's disease, the
3-7 glassy-winged sharpshooter, and other diseases and pests that
3-8 negatively impact the production of grapes and wine in the United
3-9 States; or

3-10 (3) developing technologies, strategies, or practices
3-11 that could benefit the production of grapes and wine in the United
3-12 States.

3-13 (n) Revenue derived under Subsection (b)(2) and not
3-14 otherwise appropriated under Subsections (c)-(k) may be
3-15 appropriated only for the purposes of increasing the economic
3-16 impact of the Texas wine producing industry on the state.

3-17 (o) This section expires September 1, 2015.

3-18 SECTION 2. This Act takes effect September 1, 2005.

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