

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 19, 2005**

**TO:** Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: SB877** by Madla (Relating to the direct shipment of wine to consumers.), **Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

The bill would amend the Alcoholic Beverage Code as it relates to the direct shipment of wine to consumers.

The bill would amend the Alcoholic Beverage Code to create an out-of-state winery direct shipper's permit as well as require the Texas Alcoholic Beverage Commission (TABC) to regulate those permit holders. The annual fee for the permit would be \$75.00. The bill would also require that out-of-state permit holders pay state taxes (sales and excise). The bill would also make it a criminal offense to sell and ship without an out-of-state winery direct shipper's permit from outside of Texas to a consumer in Texas. An offense would be a Class B Misdemeanor. A second offense committed under the bill would be Class A Misdemeanor and a third offense committed under the bill would be a State Jail Felony.

TABC reports that the revenue generated from these fees would be minimal and that the costs associated with updating publications could be accomplished within existing resources. The Comptroller's Office reports that, under current law, Texas loses revenue due to direct shipments and that this bill could result in the state claiming a share of these lost tax revenues.

The bill would take effect immediately if a two-thirds majority vote in both houses of the Legislature is received. Otherwise, the bill would take effect on September 1, 2005.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

**LBB Staff:** JOB, DLBa, VDS, SJ