

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: HB2727 by Goolsby (Relating to storage of certain imported alcoholic beverages.), As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend the Alcoholic Beverage Code relating to storage of certain imported alcoholic beverages.

The bill adds Alcoholic Beverage Code, Chapter 55, Manufacturer's Agent's Warehousing Permit, which states that a holder of this permit may receive beer, ale, or malt liquor from the holder of a nonresident brewer's permit or license and store the alcoholic beverages on the permitted premises. The holder of the manufacturer's agent's warehousing permit may ship, cause to be shipped, sell, and otherwise transfer the beer, ale, or malt liquor to licensed or permitted distributors and wholesalers in Texas and to persons outside Texas who are qualified to receive the beer, ale, or malt liquor under Texas law or other jurisdiction's regulatory laws. The holder of the manufacturer's agent's warehousing permit may return the beer, ale, or malt liquor to the manufacturer or brewer it was received from.

The holder of the manufacturer's agent's warehousing permit may ship only to wholesalers and distributors in Texas who have been issued a territorial designation by the manufacturer or brewer of the brand to be shipped. The territorial designation must be under and a part of the agreement entered into between the actual manufacturer of the brand and the distributor. The bill states this chapter does not effect the requirement that the actual manufacturer and the distributor must comply with Alcoholic Beverage Code, Chapter 102. The bill states beer, ale, or malt liquor received at premises permitted under this chapter that is not labeled and approved for sale in Texas may be held and stored at the premises and may be shipped from the premises it is not consigned and transported, to qualified persons in other states or jurisdictions where its label is legal. The bill states provisions of this code related to the residency of an applicant for a permit do not apply for a permit under this chapter. The bill states the Alcoholic Beverage Commission (TABC) shall set the amount of annual state fee for the manufacturer's agent's warehousing permit.

The bill states the manufacturer's agent's warehousing permit may be issued to an entity which is at least 50 percent of the ownership interests owned by another entity that: is located and chartered in the United Mexican States; has held a nonresident manufacturer's license, nonresident brewer's permit and a nonresident seller's permit for two years preceding that date of the application; and during each of those two years has shipped or caused to be shipped into Texas for ultimate sale to qualified distributors and wholesalers in the state at least one-half million barrels of beer, ale, or malt liquor of various brands manufactured or brewed by the entity; and whose employees, located in Texas or elsewhere, hold permits and license under Alcoholic Beverage Code, Chapters 36 and 73 to perform activities under those chapters on behalf of the entity.

The bill states the premises of a permit holder under this chapter must be located in an area that is wet for sale of beer, ale, and malt liquor. TABC shall require monthly reports from a permit holder under this chapter showing brands, types, sizes of containers, and quantities of beer, ale, or malt liquor received at and shipped from the premises to persons authorized to receive them. The reports must

confirm all aspects to the requirements and forms prescribed by TABC and contain any other information required by TABC. The bill would take effect September 1, 2007.

TABC states the fiscal impact would cost the state \$75,444 in 2008 and \$70,056 in 2009 including 1 full-time-equivalent to implement the provisions of the bill. It is assumed the TABC costs could be absorbed within the agency's current appropriations and therefore would not result in a significant fiscal impact to the state.

Local Government Impact

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

Source Agencies: 458 Alcoholic Beverage Commission

LBB Staff: JOB, JRO, GG, LG