

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 27, 2011

TO: Honorable Kevin Eltife, Chair, Senate Committee on Administration

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

IN RE: HB11 by Cook (Relating to reports filed with the comptroller regarding certain alcoholic beverage sales; providing a penalty.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB11, As Engrossed: a positive impact of \$25,819,000 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$8,014,000
2013	\$17,805,000
2014	\$27,775,000
2015	\$28,886,000
2016	\$30,042,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/ (Loss) from <i>Counties</i>	Probable Revenue Gain/ (Loss) from <i>Cities</i>
2012	\$8,014,000	\$1,080,000	\$999,000
2013	\$17,805,000	\$2,399,000	\$2,220,000
2014	\$27,775,000	\$3,743,000	\$3,463,000
2015	\$28,886,000	\$3,893,000	\$3,602,000
2016	\$30,042,000	\$4,048,000	\$3,746,000

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax.

The bill would redesignate Section 151.433, regarding reports by wholesaler and distributors of beer, wine, and malt liquor, as Section 151.461 in new Subchapter I-1, regarding reports by persons involved in the manufacture and distribution of alcoholic beverages, and add new subsections with that subchapter.

The bill would expand who would be required by the Comptroller's Office to file a monthly report on alcoholic beverage sales to retailers to include the holder of a brewer's permit, the holder of a manufacturer's license, and a package store that holds a local distributor's permit.

The bill would revise or expand the definitions, with regard to alcoholic beverage sales, for a distributor, retailer and wholesaler, and add a definition for a brewer.

The bill would provide the Comptroller the authority to inspect and conduct audits to ensure compliance; impose civil and criminal penalties for violations; bring forth a suit to enforce these provisions; and adopt rules to implement these provisions.

The bill would amend Chapter 111 of the Tax Code, regarding collection procedures for state taxes, to require the Comptroller's Office to disclose information from the sales reports required under Section 151.462 of this Code (as amended by the bill).

This bill would take effect September 1, 2011.

Methodology

The Comptroller of Public Accounts (CPA) estimates the bill's provisions would increase collections from the mixed beverage tax due to an increase in the effectiveness of the audit selection process. Gains would be reflected in both revenue realized per audit and an increase in the percentage of mixed beverage audits yielding revenue. Additionally, in response to enhanced reporting requirements, there would be a revenue gain due to greater voluntary tax compliance. Cities and counties could also expect positive revenue gains. This analysis shows the estimated gains to cities and counties if they were to be appropriated their current share of total mixed beverage revenue.

The number of potential violations and the amount of penalties levied are unknown, the fiscal impact relating to penalty provisions cannot be determined.

Local Government Impact

Cities and counties could expect positive revenue gains. This analysis shows the estimated gains to cities and counties if they were to be appropriated their current share of total mixed beverage revenue.

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

LBB Staff: JOB, KM, KK, SD, AG