

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 21, 2011**

**TO:** Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

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

**IN RE: HB660** by Villarreal (Relating to the sale of malt liquor, ale, and beer by the holder of a brewpub license.), **As Introduced**

Assuming an increase in beer brewed and, under the bill's provisions, distributed to be sold, there would be an indeterminate revenue gain to the state.
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The bill would amend Chapter 74 of the Alcoholic Beverage Code, regarding the brewpub license.

The bill would allow a brewpub located in a wet area to sell malt liquor and ale to a holder of a Texas wholesaler's permit or a qualified person outside the state, and beer to a holder of a general, local or branch distributor's license or a qualified person outside the state.

The bill would maintain the current annual limit of 5,000 barrels of malt liquor, beer and ale that a single licensed brewpub can produce for sale to ultimate consumers, but would increase the total production of those beverages the holder of a brewpub license may produce for all licensed establishments it owns within the state at 75,000 barrels.

The bill would allow the holder of a brewpub license whose annual production of those beverages at a brewpub does not exceed 10,000 barrels to sell malt liquor and ale they produced to the same persons to whom the holder of a general class B wholesaler's permit sells and to sell beer they produced to the same persons to whom the holder of a general distributor's license may sell. The holder of the brewpub license making those sales would have the same authority and would be subject to the same requirements as a general class B wholesaler or a general distributor.

The bill would repeal Section 74.01(f), which prohibits brewpubs from selling alcoholic beverages for resale.

Data provided by the Texas Alcoholic Beverage Commission to the Comptroller of Public Accounts showed Texas brewpubs in fiscal 2010 paid alcoholic beverage excise taxes of approximately \$67,000 associated with somewhat over 11,000 barrels of beer/malt liquor/ale.

Assuming an increase in beer brewed and, under the bill's provisions, distributed to be sold, there would be an increase in excise tax collections. This increase, although unknown, would be tempered in the near-term by the pace at which production could be increased.

The bill would take effect immediately, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

## **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, AG, SD