

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 5, 2013

TO: Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1997 by Kuempel (Relating to the sale of distilled spirits to ultimate consumers by the holder of a distiller's and rectifier's permit.), **As Introduced**

Although the bill's provisions could result in increased production and additional revenue collections, the amounts in the aggregate cannot be estimated. Therefore, the bill could have an indeterminate revenue gain to the State.

The bill would amend the Alcoholic Beverage and Tax Codes to allow holders of a distiller's and rectifier's permit to sell distilled spirits directly to consumers on their premises for both on and off premise consumption.

The bill would allow the holder of this permit to sell up to 3,000 gallons of distilled spirits to ultimate consumers for consumption on the permit holder's premises. The sale of those spirits to ultimate consumers for on-premise consumption would be taxed at a rate of 14 percent of gross receipts under the mixed beverage tax. The permit holder would be allowed to make these sales during the same hours as a mixed beverage permit holder.

The bill would also allow the holder of this permit to sell up to 3,500 gallons of distilled spirits directly to ultimate consumers in unbroken packages of not more than 750 milliliters for consumption off the premises. The permit holder would be allowed to make these sales during the same hours a package store permit holder is allowed to operate.

The bill would limit the sales of distilled spirits to ultimate consumers to premises that are located in "wet" areas of the state.

The bill would repeal Sections 14.01(c) and 14.04(g) of the Alcoholic Beverage Code to make conforming changes.

The bill would take effect September 1, 2013.

Local Government Impact

The fiscal impact on units of local government cannot be estimated, but could have an indeterminate revenue gain.

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

LBB Staff: UP, RB, SD, AG