

BILL ANALYSIS

S.B. 881
By: Nelson
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to industry observers, the economic impact of the Texas wine industry has increased dramatically in recent years, and those observers contend that one of the cornerstones for the industry's growth was recently enacted legislation dedicating a specific amount of revenue, raised through wine sales and excise taxes, to a number of key research projects that helped propel the industry to its current economic stature. S.B. 881 seeks to renew and update those dedications in an effort to continue to support the industry.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 881 amends the Alcoholic Beverage Code to postpone from September 1, 2015, to September 1, 2025, the expiration date of statutory provisions relating to the dedication of certain wine-related revenue and to update the formula used to determine the amount of such revenue to be appropriated for each of the purposes specified by those provisions to reflect the postponement, including updating the fiscal year used to determine the base revenue against which subsequent annual revenues are compared and updating the period used to determine the average annual percentage increase in revenue for compounding purposes under the formula.

S.B. 881 increases from \$50,000 to \$830,000 the cap on such revenue that may be appropriated to the Texas A&M AgriLife Extension Service and removes the specification limiting such appropriation to its use for extension viticulture operations; increases from \$50,000 to \$365,000 the cap on the amount of any revenue in excess of \$830,000, if any, that may be appropriated only to the Texas Tech University Viticulture and Enology program; and increases from \$65,000 to \$150,000 the cap on the amount that may be appropriated to the Texas Wine Marketing Research Institute at Texas Tech University if the total amount of revenue available for appropriation exceeds \$1,195,000.

S.B. 881 increases from \$50,000 to \$150,000 the amount that may be appropriated for distribution to the T.V. Munson Viticulture and Enology Center of the Grayson County Junior College District if the amount of revenue available for distribution exceeds the maximum amount that may be appropriated to the Texas A&M AgriLife Extension Service, the Texas Tech University Viticulture and Enology program, and the Texas Wine Marketing Research Institute at Texas Tech University and changes the use of the appropriation from funding the associate

degree program at the center to funding educational programs at the center.

S.B. 881 removes a statutory provision authorizing certain wine-related revenue from in-state sources that is not otherwise appropriated to a specific entity to be appropriated for the purposes of increasing the economic impact of the Texas wine producing industry on the state. The bill instead authorizes the lesser of the amount of revenue derived from excise taxes on wine produced in Texas and sales taxes remitted by holders of winery permits in Texas that is subject to the cap on such revenues that may be appropriated but that is not otherwise appropriated under the applicable statutory provisions, if any remains unappropriated, or \$300,000 to be appropriated for deposit into the wine industry development fund for the development of technologies, strategies, and practices for mitigating or eliminating the effects of frost, pestilence, or infestation on grapevines for which money donated from private sources under Agriculture Code provisions relating to the Texas Wine Industry Development Act is also spent and in an amount that does not exceed the amount of the donated money that is spent for the same purposes.

S.B. 881 authorizes any revenue available for a fiscal year that is not otherwise appropriated as authorized by these provisions to be appropriated to the Department of Agriculture (TDA) for deposit into the wine industry development fund for the development of technologies, strategies, and practices for mitigating or eliminating the effects of frost, pestilence, or infestation on grapevines and the TDA's direct and indirect costs associated with administering programs regarding such development. The bill repeals certain statutory provisions relating to additional appropriations of certain wine-related revenue and requiring the comptroller to provide the TDA certain information relating to the amount of revenue appropriated to the TDA.

S.B. 881 repeals Sections 205.03(a), (f), (g), (h), (i), (k), (l), (m), and (o), Alcoholic Beverage Code.

EFFECTIVE DATE

September 1, 2015.