

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 30, 2017

TO: Honorable John Kuempel, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2291 by Rinaldi (Relating to the direct shipment of certain alcoholic beverages to ultimate consumers; authorizing a fee; creating a criminal offense.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time. It is unknown to what extent certain entities would apply for an out-of-state manufacturer direct shipper's permit or an out-of-state retailer direct shipper's permit.

The bill would amend the Alcoholic Beverage Code to authorize certain permit and license holders and retailers to sell certain alcoholic beverages to ultimate consumers, including ultimate consumers located in dry areas, through an Internet website. The bill would require the delivery of an alcoholic beverage to be conducted by the holder of a carrier permit. The bill would require delivery of alcoholic beverages shipped to an ultimate consumer to be packaged with clear and conspicuous labeling that shows that the package contains an alcoholic beverage.

The bill would create an out-of-state manufacturer direct shipper's permit to allow the permit holder to sell and deliver ale, malt liquor, wine, and beer that is produced or bottled to an ultimate consumer located in the State of Texas. The holder of an out-of-state manufacturer direct shipper's permit may only be issued to certain persons. The bill would require the delivery of an alcoholic beverage to be conducted by the holder of a carrier permit.

The bill would also create an out-of-state retailer direct shipper's permit to allow the permit holder to sell and deliver any alcoholic beverage the permit holder is otherwise authorized by another state to sell to an ultimate consumer for off-premise consumption to certain ultimate consumers located in the State of Texas. The bill would require the delivery of an alcoholic beverage to be conducted by the holder of a carrier permit.

The bill would authorize the Texas Alcoholic Beverage Commission (TABC) to set the annual state fees for an out-of-state manufacturer direct shipper's permit and the out-of-state retailer direct shipper's permit in the amounts necessary to cover the cost of issuing the permits and administering Chapter 54, Alcoholic Beverage Code.

The Comptroller of Public Accounts (CPA) reports the provisions of the bill are not expected to result in any significant change in excise or sales taxes.

According to TABC and the CPA, the provisions of the bill could result in an increased number of individuals who would apply for an out-of-state direct shipper's permit. This analysis assumes that while this could lead to increased fee and surcharge revenues, the number of out-of-state direct

shipper's permits issued cannot be estimated. As a result, the effect of this bill on collections of out-of-state permit fee and surcharge revenues cannot be determined. This analysis also assumes that the administrative costs for TABC to implement the provisions of the bill would depend on the number of entities that apply for a new permit, and therefore cannot be determined.

The bill changes the offense of shipping without a winery direct shipper's permit to shipping without a manufacturer direct shipper's permit. The bill also creates a new criminal offense for shipping without a retailer direct shipper's permit. This analysis assumes the provisions of the bill addressing felony sanctions for criminal offenses would not result in a significant impact on state correctional agencies.

The bill would take effect September 1, 2017.

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: UP, CL, AI, FR, KK, JPo