

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB2169 by Huffines (Relating to treating ale and malt liquor in the same manner as beer for purposes of alcoholic beverage regulation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2169, As Introduced: a negative impact of (\$2,852,000) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$1,418,000)
2019	(\$1,434,000)
2020	(\$1,480,000)
2021	(\$1,497,000)
2022	(\$1,545,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2018	(\$1,418,000)
2019	(\$1,434,000)
2020	(\$1,480,000)
2021	(\$1,497,000)
2022	(\$1,545,000)

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to require the Texas Alcoholic Beverage Commission (TABC) to treat ale and malt liquor in the same manner as beer for the purposes of licensing, permitting, manufacturing, transporting, storing, marketing, reporting, delivering wholesaling, retailing, testing, labeling, and taxation.

The bill would take effect September 1, 2017.

Methodology

The Comptroller of Public Accounts reports the provisions of the bill would result in a revenue loss of \$2,852,000 from the General Revenue Fund in the 2018-19 biennium.

The CPA analysis was based on the *2018-19 Biennial Revenue Estimate's* projections of the taxes, fees, and surcharges affected by the provisions of this bill. The calculated excise tax loss is based on current consumption levels with the lower beer tax rate applied. Excise tax loss is estimated to be \$368,000 in fiscal 2018. In addition to excise tax losses, the bill would no longer require entities that produce both beer and ale to have a manufacturer's license and a brewer's permit. Only a manufacturer's license would be required. This would lead to a decrease in fee and surcharge revenue of approximately \$1.1 million in 2018 based on permit information provided by the Texas Alcoholic Beverage Commission. Revenue losses are anticipated to increase modestly each year.

This analysis assumes the administrative costs and duties for TABC to implement the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No 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