

## **BILL ANALYSIS**

Senate Research Center  
86R5767 JAM-D

S.B. 455  
By: Alvarado  
Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current Texas statute does not define powdered alcohol under the Alcoholic Beverage Code. This allows for powdered alcohol to be exempt from laws banning the sale of the product to minors and it is not taxed like other alcohol is. This bill would define powdered alcohol in the Alcoholic Beverage Code and enable the product to be taxed at \$2.40 per gallon, based on the recommended liquid to be added by the manufacturer. The regulation and taxation of powdered alcohol would contribute to the value of free enterprise in the State of Texas.

Ralph McMorris, a veteran business owner, is in support of the regulation and taxation of powdered alcohol. He is currently the creator and owner of Lt. Blender, a powdered drink manufacturer located in Galveston, TX. Mr. McMorris is looking to innovate the process of powdered mixed drink, by including a regulated amount of alcohol in each mix. The Coalition, a group from Lufkin, TX, is opposed to the bill based on concerns about the product that are unsubstantiated.

For responsible, legal, consumers of alcohol, this product would be a practical alternative for hikers, and beach-goers who do not want to bring a large glass bottle and mixers with them. In current form, powdered alcohol is typically made where the alcohol content is 6.5%, less than a bottle of wine. Powdered alcohol would be sold in a liquor store, just like any other liquor beverage.

As proposed, S.B. 455 amends current law relating to the status and taxation of powdered alcohol as an alcoholic beverage.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1.04(1), Alcoholic Beverage Code, to redefine "alcoholic beverage" to mean alcohol, including powdered alcohol, or any beverage containing more than one-half of one percent of alcohol by volume, which is capable of use for beverage purposes, either alone or when diluted or reconstituted.

SECTION 2. Amends the heading to Section 201.03, Alcoholic Beverage Code, to read as follows:

Sec. 201.03. TAX ON DISTILLED SPIRITS AND POWDERED ALCOHOL.

SECTION 3. Amends Section 201.03(a), Alcoholic Beverage Code, to provide that a tax is imposed on the first sale of powdered alcohol at the rate of \$2.40 per gallon based on the amount of liquid suggested to be added by the manufacturer's packaging.

SECTION 4. Effective date: September 1, 2019.