

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 30, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB1083 by Raymond (Relating to an exemption from the sales tax for certain beer or ale sold on July 4.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1083, As Introduced: a negative impact of (\$14,000,000) through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2020 | (\$6,920,000) |
| 2021 | (\$7,080,000) |
| 2022 | (\$7,240,000) |
| 2023 | (\$7,410,000) |
| 2024 | (\$7,580,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from General Revenue Fund 1 | Probable Revenue (Loss) from Cities | Probable Revenue (Loss) from Transit Authorities | Probable Revenue (Loss) from Counties and Special Districts |
|-------------|---|-------------------------------------|--|---|
| 2020 | (\$6,920,000) | (\$1,280,000) | (\$440,000) | (\$260,000) |
| 2021 | (\$7,080,000) | (\$1,310,000) | (\$450,000) | (\$260,000) |
| 2022 | (\$7,240,000) | (\$1,340,000) | (\$460,000) | (\$270,000) |
| 2023 | (\$7,410,000) | (\$1,370,000) | (\$470,000) | (\$280,000) |
| 2024 | (\$7,580,000) | (\$1,400,000) | (\$480,000) | (\$280,000) |

Fiscal Analysis

The bill would amend Chapter 151, Subchapter H, of the Tax Code, regarding exemptions from the limited sales and use tax. The bill would exempt beer sold on July 4 from the sales tax if sold by a wine and beer retailer's off-premise permittee.

The bill would take effect immediately upon enactment, assuming it received the requisite two-

thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2019.

Methodology

This estimate is based on applying product detail shares from the economic census to the gross sales of off-premise alcohol retailers other than package stores. Package stores do not hold wine and beer retailer's off-premise permits. The share of sales at retailers that sell only beer and wine for off-premise consumption was based on volume data provided by TABC.

Local Government Impact

There would be a proportional loss of sales and use tax revenue from local taxing jurisdictions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD