

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB2720 by Kuempel (Relating to taxes imposed on vinous liquor.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2720, As Introduced: a negative impact of (\$16,060,000) 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	(\$7,600,000)
2021	(\$8,460,000)
2022	(\$8,660,000)
2023	(\$8,870,000)
2024	(\$9,080,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2020	(\$7,600,000)
2021	(\$8,460,000)
2022	(\$8,660,000)
2023	(\$8,870,000)
2024	(\$9,080,000)

Fiscal Analysis

The bill would amend Section 201.04 of the Alcoholic Beverage Code, regarding tax on vinous liquors, to reduce the rate of tax for certain wines.

The upper limit on the alcohol percentage by volume (ABV) for wine subject to the lower wine tax rate would be increased to 16 percent ABV from 14 percent ABV. The tax rate for wines in the lowest tax rate bracket would be reduced to 7 cents per gallon from the present rate of 20.4 cents

per gallon.

Methodology

The analysis was based on the Comptroller of Public Accounts 2020-21 Biennial Revenue Estimate. The analysis assumes that in addition to the entire current 14 percent and under ABV category seeing a tax rate reduction from 20.4 cents to 7 cents, 10 percent of the present over 14 percent ABV wine category would see a tax rate reduction from 40.8 cents to 7 cents.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, CLo, SD, SMad