

BILL ANALYSIS

Senate Research Center
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H.B. 3336
By: Buckley et al. (Middleton)
State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas breweries and distilleries produce over 100 million pounds of spent grain each year. This material, while a byproduct of the brewing and distilling process, is highly valued by ranchers and farmers as a low-cost, high-nutrient animal feed and composting input. However, as inflation and fuel costs rise, brewers face growing financial pressure that threatens the continuation of these voluntary donations.

H.B. 3336 recognizes and supports the vital connection between the state's alcohol producers and agricultural sector by providing a modest but meaningful tax credit for spent grain donations. The bill ensures that small and mid-sized producers are incentivized to continue sustainable practices, reducing waste while enhancing livestock nutrition and supporting local food systems. By reinforcing this partnership, the bill strengthens rural economies and preserves Texas' barbecue heritage from grain to grill.

H.B. 3336 amends current law relating to an alcoholic beverage tax credit for certain liquor or malt beverage byproducts donated for agricultural use in this state.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 1 (Section 207.04, Alcoholic Beverage Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 5, Alcoholic Beverage Code, by adding Chapter 207, as follows:

CHAPTER 207. TAX CREDIT FOR DONATION OF CERTAIN BYPRODUCTS FOR AGRICULTURAL USE

Sec. 207.01. DEFINITIONS. Defines "eligible taxpayer" and "spent grain byproduct."

Sec. 207.02. ELIGIBILITY FOR CREDIT. Provides that an eligible taxpayer is entitled to a credit in the amount and under the conditions provided by this chapter against taxes paid under Title 5 (Taxation).

Sec. 207.03. AMOUNT OF CREDIT; LIMITATION. (a) Provides that, subject to Subsection (b), the amount of an eligible taxpayer's credit for a state fiscal year is equal to the product of \$0.08 and the number of pounds dry weight of spent grain byproduct donated by the taxpayer during the state fiscal year for agricultural use, including for use in composting or as animal feed and to a location in this state that is not more than 100 miles from the location where the spent grain byproduct was used to produce liquor or a malt beverage.

(b) Prohibits an eligible taxpayer from claiming in a state fiscal year a credit under this chapter that exceeds the lesser of \$30,000 or the total amount of taxes paid by the taxpayer under this title during the state fiscal year.

Sec. 207.04. APPLICATION FOR CREDIT. (a) Requires a taxpayer to apply for a credit under this chapter in the manner prescribed by the Texas Alcoholic Beverage Commission (TABC).

(b) Authorizes TABC to request from a taxpayer information reasonably necessary to determine whether the taxpayer is an eligible taxpayer and, if the taxpayer is an eligible taxpayer, the amount of the credit.

(c) Authorizes TABC to adopt rules and procedures necessary to implement and administer this section.

SECTION 2. Authorizes a taxpayer to apply for a credit under Chapter 207, Alcoholic Beverage Code, as added by this Act, only for a donation made on or after the effective date of this Act.

SECTION 3. Makes application of Chapter 207, Alcoholic Beverage Code, as added by this Act, prospective.

SECTION 4. Effective date: September 1, 2025.