

BILL ANALYSIS

C.S.H.B. 3336
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas Craft Brewers Guild reports that breweries annually provide Texas farmers and ranchers with over 100 million pounds of spent grain byproducts for use as animal feed and compost. According to the Guild, Texas craft breweries serve as more than just beverage producers; they are pivotal contributors to the state's agricultural landscape. The bill author has informed the committee that as craft brewers struggle to return to growth in Texas, many small breweries already partner with ranchers to repurpose spent grain. C.S.H.B. 3336 seeks to address this issue by establishing a tax credit for these donations, driving further support for local agriculture by encouraging more substantial contributions from brewers, despite the rising costs they face.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 3336 amends the Alcoholic Beverage Code to entitle a taxpayer to an alcoholic beverage tax credit if the taxpayer either:

- pays alcoholic beverage taxes and holds a distiller's and rectifier's permit, nonresident seller's permit, brewer's license, nonresident brewer's license, or brewpub license; or
- pays a tax on the first sale of liquor or a malt beverage that is imported into Texas.

C.S.H.B. 3336 sets the amount of the credit for a state fiscal year at the product of \$0.08 and the number of pounds dry weight of spent grain byproduct, defined by the bill as the byproduct material remaining from grain used to produce liquor or malt beverages, 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 Texas that is not more than 100 miles from the location where the spent grain byproduct was used to produce liquor or a malt beverage. The bill caps the amount of the credit that may be claimed in a state fiscal year at the lesser of \$30,000 or the total amount of alcoholic beverage taxes paid by the taxpayer during the state fiscal year.

C.S.H.B. 3336 requires a taxpayer to apply for the credit in the manner prescribed by the Texas Alcoholic Beverage Commission (TABC) and authorizes TABC to request from a taxpayer information reasonably necessary to determine whether the taxpayer is an eligible taxpayer and, if eligible, the amount of the credit. The bill authorizes TABC to adopt rules and procedures

necessary to implement and administer the bill's provisions relating to an application for the credit.

C.S.H.B. 3336 authorizes a taxpayer to apply for a credit under the bill's provisions only for a donation made on or after the bill's effective date. The bill's provisions apply only to a tax originally due on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3336 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and substitute establish provisions relating to an alcoholic beverage tax credit for the donation of spent grain byproducts for agricultural use. The substitute omits the following provisions present in the introduced:

- the requirement for a taxpayer to request a certificate of eligibility from TABC before applying for the credit; and
- the requirements for TABC to do the following upon receipt of such a request:
 - determine whether the taxpayer is an eligible taxpayer;
 - determine the amount of the credit to which an eligible taxpayer would be entitled; and
 - issue the requested certificate of eligibility to such a taxpayer stating the amount of the credit determined.

Whereas the introduced required a taxpayer to apply for the credit in the manner prescribed by the comptroller of public accounts and to include an issued certificate of eligibility with the application, the substitute requires a taxpayer to apply for the credit in the manner prescribed by TABC. While both the introduced and substitute authorize TABC to request from a taxpayer information reasonably necessary to make a determination of eligibility for the tax credit, the introduced authorized TABC to do so following a taxpayer's request for a certificate of eligibility, whereas the substitute authorizes TABC to do so following a taxpayer's application for the tax credit.

The substitute omits the introduced version's requirement for the comptroller to award a credit to a taxpayer who submits a compliant application in an amount equal to the amount stated on the certificate of eligibility included with the application.

The substitute omits the introduced version's requirement for TABC to adopt rules and procedures necessary to implement and administer the certificate of eligibility process. The substitute replaces the authorization for the comptroller to adopt rules and procedures necessary to implement and administer the application process with an authorization for TABC to do so.