

BILL ANALYSIS

H.B. 3993
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that, historically, excise taxes on wine were based on alcohol content, with table wines defined as those containing 14 percent alcohol by volume (ABV) or less, while fortified wines exceeded that threshold and that, while this classification was originally based on European imports, the increase in domestic wineries and changing climate conditions have caused the natural alcohol content in wines to increase. The bill author has further informed the committee that, in fact, many red table wines now fall between 14 percent and 16 percent ABV, unintentionally placing them in the higher tax category, which under federal law is still considered a table wine for tax purposes. However, under current Texas law, this wine would be taxed higher due to the outdated 14 percent ABV limit. H.B. 3993 seeks to adjust the alcohol content threshold used for taxation on vinous liquor to match federal regulations by raising the threshold from 14 percent to 16 percent ABV. The bill ensures that vinous liquor falling within this range is taxed at the lower rate of 20.4 cents per gallon rather than the higher rate of 40.8 cents per gallon.

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

ANALYSIS

H.B. 3993 amends the Alcoholic Beverage Code to revise the taxes imposed on vinous liquor as follows:

- raises the maximum percent from 14 to 16 the alcohol by volume contained in vinous liquor the first sale of which a tax is imposed on at the rate of 20.4 cents per gallon; and
- accordingly, increases the percent from more than 14 percent to more than 16 percent the alcohol by volume contained in vinous liquor on which a tax is imposed at the rate of 40.8 cents per gallon.

H.B. 3993 does not affect tax liability accruing before the bill's effective date. That liability continues in effect as if the bill had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

EFFECTIVE DATE

September 1, 2025.