

By: Flores, Eckhardt

S.B. No. 1554

A BILL TO BE ENTITLED

AN ACT

relating to an alcoholic beverage tax credit for certain liquor or malt beverage byproducts donated for agricultural use in this state.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Title 5, Alcoholic Beverage Code, is amended by adding Chapter 207 to read as follows:

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

Sec. 207.01. DEFINITIONS. In this chapter:

(1) "Eligible taxpayer" means a person that:

(A) pays a tax under this title and holds:

(i) a permit under Chapter 14 or 37; or

(ii) a license under Chapter 62, 63, or 74;

or

(B) pays a tax under this title on the first sale of liquor or a malt beverage that is imported into this state.

(2) "Spent grain byproduct" means the byproduct material remaining from grain used to produce liquor or malt beverages.

Sec. 207.02. ELIGIBILITY FOR CREDIT. An eligible taxpayer is entitled to a credit in the amount and under the conditions provided by this chapter against taxes paid under this title.

Sec. 207.03. AMOUNT OF CREDIT; LIMITATION. (a) Subject to

1 Subsection (b), the amount of an eligible taxpayer's credit for a
2 state fiscal year is equal to the product of:

3 (1) \$0.08; and

4 (2) the number of pounds dry weight of spent grain
5 byproduct donated by the taxpayer during the state fiscal year:

6 (A) for agricultural use, including for use in
7 composting or as animal feed; and

8 (B) to a location in this state that is not more
9 than 100 miles from the location where the spent grain byproduct was
10 used to produce liquor or a malt beverage.

11 (b) An eligible taxpayer may not claim in a state fiscal
12 year a credit under this chapter that exceeds the lesser of:

13 (1) \$30,000; or

14 (2) the total amount of taxes paid by the taxpayer
15 under this title during the state fiscal year.

16 Sec. 207.04. CERTIFICATE OF ELIGIBILITY. (a) Before a
17 taxpayer may apply for a credit under this chapter, the taxpayer
18 must request a certificate of eligibility from the commission.

19 (b) On receipt of a request under Subsection (a), the
20 commission shall:

21 (1) determine whether the taxpayer is an eligible
22 taxpayer; and

23 (2) if the commission determines that the taxpayer is
24 an eligible taxpayer:

25 (A) determine the amount of the credit to which
26 the taxpayer would be entitled under Section 207.03(a),
27 notwithstanding the limitation prescribed by Subsection (b) of that

1 section; and

2 (B) issue the requested certificate of
3 eligibility to the taxpayer, which must state the amount of the
4 credit determined under Paragraph (A).

5 (c) The commission may request from a taxpayer information
6 reasonably necessary to make a determination under Subsection (b).

7 (d) The commission may adopt rules and procedures necessary
8 to implement and administer this section.

9 Sec. 207.05. APPLICATION FOR CREDIT. (a) A taxpayer must
10 apply for a credit under this chapter in the manner prescribed by
11 the comptroller and include with the application a certificate of
12 eligibility issued under Section 207.04.

13 (b) The comptroller shall award a credit to a taxpayer who
14 submits an application that complies with the provisions of this
15 section in an amount equal to the amount stated on the certificate
16 of eligibility included with the application, subject to the
17 limitation prescribed by Section 207.03(b).

18 (c) The comptroller may adopt rules and procedures
19 necessary to implement and administer this section.

20 SECTION 2. A taxpayer may apply for a credit under Chapter
21 207, Alcoholic Beverage Code, as added by this Act, only for a
22 donation made on or after the effective date of this Act.

23 SECTION 3. Chapter 207, Alcoholic Beverage Code, as added
24 by this Act, applies only to a tax originally due under Title 5,
25 Alcoholic Beverage Code, on or after the effective date of this Act.

26 SECTION 4. This Act takes effect September 1, 2025.