

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 5, 2025

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3336 by Buckley (Relating to an alcoholic beverage tax credit for certain liquor or malt beverage byproducts donated for agricultural use in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3336, As Introduced: a negative impact of (\$3,520,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$1,760,000)
2027	(\$1,760,000)
2028	(\$1,760,000)
2029	(\$1,760,000)
2030	(\$1,760,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2026	(\$1,760,000)
2027	(\$1,760,000)
2028	(\$1,760,000)
2029	(\$1,760,000)
2030	(\$1,760,000)

Fiscal Analysis

The bill would amend Title 5 of the Alcoholic Beverage Code by adding Chapter 207 regarding a tax credit for donation of certain byproducts for agricultural use.

The bill would allow liquor and malt beverage producers to each claim up to \$30,000 based on a formula in the bill against the liquor and malt beverage excise taxes they paid in a fiscal year for the donation of spent grain byproduct. Spent grain byproduct would be defined as the material remaining from grain used to produce liquor or malt beverages and would be required to be donated for agricultural use, including for use in composting or as animal feed. It would also need to be donated to a location within 100 miles from where the spent grain byproduct was used to produce liquor or a malt beverage. The bill would allow distributors and wholesalers to claim the credit against their excise tax paid on behalf of nonresident producers.

Those seeking the spent grain donation credit would be required to apply for the credit as prescribed by the

Comptroller and the Comptroller would be required to award credits to taxpayers who comply with the provisions laid out in the bill.

Methodology

Based on information provided by the Texas Alcoholic Beverage Commission, the maximum amount of spent grain credits that could have been claimed by Texas producers in calendar year 2024 was approximately \$1.4 million. This analysis assumes that the Texas producers would claim half of that going forward. According to TABC's Public Inquiry System, there are 2,783 Nonresident Seller's Permittees and 692 Nonresident Brewer's Licensees. This analysis assumes that distributors and wholesalers would claim for the equivalent of one percent of the nonresident producers the maximum \$30,000 in spent grain credits.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

LBB Staff: JMc, KK, SD, BRI