

BILL ANALYSIS

Senate Research Center
82R3602 MXM-F

S.B. 576
By: Eltife
Business & Commerce
3/11/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Alcohol sales in Texas operate under a three-tiered system. Manufacturers of liquor must sell their product to distributors, who then sell the product to retail package stores. Package stores sell the product directly to consumers or to bars, restaurants, and clubs. The system of taxing alcohol is layered on top of this three-tiered system.

The sale of alcohol is carefully tracked and reported at the wholesale level and beyond that to the liquor stores. However, once it reaches the liquor stores, these stores are not required to report the final destination of the product—whether it is sold to the consumer or to restaurants, bars, and clubs.

Using state tax collection data compared to industry sales, it appears likely that the state is losing tax revenue. S.B. 576 requires additional reporting by wholesalers of distilled spirits and package stores selling to bars and restaurants. This reporting is similar to what is currently required for sales of beer, wine, or malt liquor. The additional reporting required in S.B. 576 will improve auditing and tax collection by the comptroller of public accounts.

As proposed, S.B. 576 amends current law relating to reports filed with the comptroller regarding certain alcoholic beverage sales.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 111.006, Tax Code, by adding Subsections (h) and (i), as follows:

(h) Requires the Comptroller of Public Accounts of the State of Texas (comptroller) to disclose information to a person regarding net sales by quantity, brand, and size that is submitted in a report required under Section 151.433 (Reports by Wholesalers and Distributors of Beer, Wine, and Malt Liquor) if:

(1) the person requesting the information holds a permit or license under Chapters 19 (Wholesaler's Permit), 20 (General Class B Wholesaler's Permit), 21 (Local Class B Wholesaler's Permit), 37 (Nonresident Seller's Permit), 64 (General Distributor's License), 65 (Local Distributor's License), or 66 (Branch Distributor's License), Alcoholic Beverage Code; and

(2) the request relates only to information regarding the sale of a product distributed by the person making the request.

(i) Provides that a disclosure made under Subsection (h) is not considered a disclosure of competitively sensitive, proprietary, or confidential information.

SECTION 2. Amends the heading to Section 151.433, Tax Code, to read as follows:

Sec. 151.433. REPORTS BY WHOLESALERS AND DISTRIBUTORS OF BEER, WINE, MALT LIQUOR, AND DISTILLED SPIRITS.

SECTION 3. Amends Section 151.433(a), Tax Code, by adding Subdivision (1-a), and amending Subdivision (2), to, respectfully, define "package store local distributor" and redefine "retailer." Makes a nonsubstantive change.

SECTION 4. Amends Sections 151.433(b), (c), and (d), Tax Code, as follows:

(b) Authorizes the comptroller, when considered necessary by the comptroller for the administration of a tax under this chapter, to require each wholesaler, distributor, or package store local distributor, rather than each wholesale or distributor of beer, wine, or malt liquor, to file with the comptroller a report each month of sales to retailers in this state. Makes a nonsubstantive change.

(c) Requires the wholesaler, distributor, or package store local distributor to file the report on or before the 25th day of each month. Requires the report to contain the following information for the preceding calendar month's sales in relation to each retailer:

(1) the name of the retailer and the address of the retailer's outlet location to which the wholesaler, distributor, or package store local distributor delivered beer, wine, malt liquor, or distilled spirit, including the city and zip code;

(2) Makes conforming changes;

(3) Makes no changes to this subdivision; and

(4) the monthly net sales made to the retailer by outlet by the wholesaler, or distributor, or package store local distributor, including the quantity, size, brand, and units of beer, wine, and malt liquor or the quantity, size, and brand of distilled spirits sold to the retailer.

(d) Makes conforming changes.

SECTION 5. Makes application of Section 151.433, Tax Code, as amended by this Act, prospective.

SECTION 6. Effective date: September 1, 2011.