

May 22, 2015

TO: WBDT Members

FROM: Doug Davis

SUBJ: Legislative Update

10 Days Remaining in the Session: So far, so good. Budget and tax negotiators have struck a deal. Assuming both chambers ratify the finished product, there should be no special session involving the State's highest responsibility of funding the budget. That is very good news. There are about five days remaining to pull all the votes together. Governor Abbott has not indicated what other priorities might trigger a special session; we hope that no news is good news.

Roughly detailed, the compromise consists of a 25% across-the-board franchise tax cut ("margins tax cut"). The deal also contains some property tax relief for homeowners via an additional \$10,000 homestead exemption that is tied to inflation. The final component involves requiring local governments to receive a supermajority (60%) approval prior to enacting an increase to property-tax revenue.

The House Licensing and Administrative Procedures ("LAP") Committee met on Monday, and again on Thursday. The Committee Chairman has indicated his desire that there be no more meetings. That effectively buries several ideas whose time was not ripe (read: the craft brewers' entire agenda). The LAP committee also failed to advance SB 326 (Sen. Estes, R—Wichita Falls; Rep. Miller, R--New Braunfels), expanding the number of gallons of wine that a winery can sell for off-premise consumption from 35,000 gallons to 180,000 gallons/year. The "de minimis," cross-tier ownership bill, and the Wal-Mart bill also failed to pass out of committee.

SB 828 (Sen. Taylor, R--Galveston; Rep. Kuempel, R--Seguin), seeking to expand the amount of liquor that Texas distilleries can sell out of their distilleries is still stuck in the House Calendars Committee. WBDT staff is reminding Calendars Committee members of the bill's flaws. HB 482 (Rep. Geren/Sen. Eltife--brewpub cleanup from last session) has gone to a conference committee. The Senate added some language that Rep. Geren is insisting be stripped out. WBDT is working with the conference committee members to make sure that nothing violative of last session's compromise makes it to the governor's desk. HB 482 does NOT need to pass, so this qualifies as low-stakes poker.

The Senate Business and Commerce Committee also met twice this week. The Committee passed out about 50 House bills, but just a couple of alcohol measures. None impacts beer distributors' regulatory rights or obligations. The committee may meet another time or two before session's end, and WBDT staff is actively monitoring their goings-on. We are constantly watching for amendments and slights of hand as the session comes to a close. We remain guardedly optimistic.

WBDT staff will continue to keep you apprised of developments in Austin. If you need any assistance, please call Tom, Doug, or Charlie.



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