

BILL ANALYSIS

C.S.H.B. 3791
By: Goldman
Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised regarding the frequency with which the term "excessive discount" appears in state law governing the sale of alcoholic beverages to on-premise permittees or off-premise permittees and establishing standards for industry relationships. It has been suggested that the term "excessive discount" is difficult to define and often causes confusion. C.S.H.B. 3791 seeks to address this issue by removing certain references to an excessive discount in relation to certain alcoholic beverage licenses and permits and clarifying that certain transportation provided by an applicable manufacturer is not considered an inducement.

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

C.S.H.B. 3791 amends the Alcoholic Beverage Code to remove and repeal prohibitions against the following persons allowing an excessive discount on certain alcoholic beverages to an applicable party:

- any person who has an interest in the business of a distiller-rectifier, brewer, wholesaler, class B wholesaler, winery, wine bottler, or local distributor's permittee;
- a person who owns or has an interest in the business of a distiller, brewer, rectifier, wholesaler, class B wholesaler, winery, or wine bottler, including the person's agent, servant, or employee; and
- a person who owns or has an interest in the business of a package store or wine only package store, including the person's agent, servant, or employee.

C.S.H.B. 3791 establishes that, for purposes of the prohibition against a person who owns or has an interest in the business of a distiller, brewer, rectifier, wholesaler, class B wholesaler, winery, or wine bottler or who is the agent, servant, or employee of such a person offering a prize, premium, gift, or similar inducement to a retailer or to a retailer's agent, servant, or employee, transportation provided by an applicable manufacturer to a retailer or retailer's agent, servant, or employee to attend an educational program at the manufacturer's facility is not considered an inducement unless the manufacturer prohibits a retailer or retailer's agent, servant, or employee who accepts the transportation from selling a product of a competitor of the manufacturer.

C.S.H.B. 3791 repeals Section 102.07(c), Alcoholic Beverage Code.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3791 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision establishing that transportation provided by certain manufacturers to a retailer, retailer's agent, servant, or employee to attend an educational program at the manufacturer's facility is not considered an applicable inducement unless the manufacturer prohibits the applicable person from selling a product of a competitor of the manufacturer.