

**SUBJECT:** Sale of wine on premises by the holder of a winery permit

**COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment

**VOTE:** 8 ayes — Wilson, Yarbrough, Goolsby, Haggerty, D. Jones, Moreno, A. Reyna, Wise  
0 nays  
1 absent — Flores

**SENATE VOTE:** On final passage, March 15 — 30-0, on Local and Uncontested Calendar

**WITNESSES:** None

**BACKGROUND:** Under Alcoholic Beverage Code, sec. 16.01, the holder of a winery permit may sell wine to ultimate consumers for consumption on or off winery premises and may dispense free wine for consumption on or off premises if the winery is located in a city that is located in three or more counties, at least one of which has a population of 500,000 or more, and contains all or part of an international airport.

**DIGEST:** SB 965 would allow holders of winery permits to sell wine to ultimate consumers and dispense free wine for on- or off-premise consumption if the winery was located in a county with a population of 240,000 or more that borders both the Gulf of Mexico and a county that contains all or part of an international airport.  
  
The bill would take effect September 1, 2001.

**SUPPORTERS SAY:** SB 965 would increase, if only by a few, the number of small wineries that could sell wine to consumers for on-premise consumption. The bill would allow, for example, Haak Vineyards in Galveston County to sell its wine at banquets or receptions held on the winery's premises.  
  
The bill would help promote tourism in certain parts of Texas. Napa Valley in California has more tourists than Disneyland. Wineries spur rural

economic development by encouraging the creation of bed and breakfast establishments, inns, and small stores near wineries.

SB 965 would not turn “dry” areas into “wet” areas. It would not change the right of people in dry areas to decide whether the area would remain dry or not. Wine still could not be sold in supermarkets and stores in dry counties, only at the winery. SB 965 would not set a precedent, because other wineries in dry areas — in Grapevine, for example — are allowed to sell their wine for on-premise consumption.

**OPPONENTS  
SAY:**

SB 965 could usurp local authority to regulate alcohol by allowing wineries to sell alcohol to consumers in otherwise dry areas. This could set an unwise precedent for other establishments to try to carve out exceptions for themselves in dry counties. Allowing wineries in dry areas to sell wine for consumption on premises defeats the will of the people who voted for the county to be dry.