

- SUBJECT:** Expanding the hours of sale and consumption of wine at a winery
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 8 ayes — Flores, Geren, Chisum, Goolsby, Hamilton, Homer, Jones, Quintanilla  
0 nays  
1 absent — Morrison
- SENATE VOTE:** On final passage, March 21 — 28-1 (Ogden)
- WITNESSES:** (*On companion bill, HB 1448:*)  
For — Gabe Parker, Texas Wine and Grape Grower Association; William Skrapits, Central Texas Wine Guild; Cord Switzer, Fredericksburg Winery  
Against — None
- BACKGROUND:** The Texas Alcoholic Beverage Commission (TABC) regulates the sale and delivery of alcohol in the state through permitting and enforcement. A vendor must obtain the appropriate license or permit from TABC in order to sell liquor. Liquor is defined generally as any alcoholic beverage containing alcohol in excess of 4 percent by weight, which includes wine.  
  
Alcoholic Beverage Code, ch. 105 addresses the hours of sale and consumption of alcoholic beverages. Sec. 105.01 states that liquor may not be sold, offered for sale, or delivered on certain holidays, on Sundays, or before 10 a.m. or after 9:00 p.m. on any other day. There are numerous exceptions to this rule elsewhere in the chapter, but none apply to the sale of wine at wineries.
- DIGEST:** SB 571 would allow the holder of a winery permit to sell and deliver wine between 8 a.m. and midnight on any day except Sunday and between 10 a.m. and midnight on Sunday. It also would allow a person to consume wine at a winery during these hours.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

SB 571 would follow recommendations from the Senate Intergovernmental Relations Committee's Interim Report to establish operating hours for wineries in statute. There currently are no operating hours in the Alcoholic Beverage Code that relate specifically to wineries, which means that wineries must adhere to the general restriction that limits the sale of alcohol from 10 a.m. and 9 p.m. Monday through Saturday and not at all on Sunday. Studies have shown that winery tourism often involves a concentration of visits to a cluster of facilities over a two- or three-day period, normally over a weekend. In Texas, however, a winery's hours of operation do not coincide with peak tourist activity, which costs these establishments a great deal of potential income. This also translates into lost state tax revenue from tourist dollars that could have been spent in Texas. This bill would profit both wineries and the state.

Agricultural tourism, including visits to wineries, is growing in popularity around the world. Texas should make allowances in order to leverage this trend for the benefit of its wineries. In 2003, tourists visiting wineries in Texas pumped about \$26.7 million into the economy. In 2002, tourists visiting California wineries provided a boost of over \$1.3 billion to that state's economy, which indicates the potential for growth here. SB 571 would facilitate that growth.

In addition to attracting tourists, wineries also provide a setting for weddings, banquets and other events. Yet, under current law, wineries cannot host events that involve serving alcohol after 9 p.m. or on Sunday. This restriction cuts sharply into business that could be generated by special events.

There are numerous exceptions in the Alcoholic Beverage Code that allow the sale of beer, wine, and liquor after 9 p.m. and on Sunday. Mixed beverage permit holders, for example, can serve drinks on Sunday as early as 10 a.m. This bill would bring the sale and service of wine at wineries more in step with laws governing other permit holders.

In the constitutional amendment election of September 2003, more than 60 percent of voters approved the existence of wineries in "dry" areas of the

state by approving Proposition 11. The concern about alcohol sales in dry counties lies with other entities that sell alcohol rather than wineries.

OPPONENTS  
SAY:

Although wineries are allowed to operate in dry counties and districts, many residents of these areas have concerns about the ability of wineries to sell wine on Sunday, a day that traditionally has been reserved for religious observances. The continued erosion of restrictions on the sale and consumption of alcohol in dry areas further would undermine the will of these citizens to keep alcohol out of their communities.

Studies show that alcohol abuse in Texas costs Texans \$16.4 billion a year. Increasing the hours and days in which alcohol could be sold and served would increase its use and likely would increase its abuse.

Alcoholic beverage permit holders that are allowed to sell drinks to consumers on a Sunday before noon can do so only accompanied by the service of food. No such provision exists in this bill, which would place no restrictions on the ability of wineries to sell wine on Sunday beginning at 10 a.m. At the very least, this bill should apply the same standards to wineries as the law does to other alcoholic beverage permit holders.

NOTES:

The companion bill, HB 1448 by Homer, was left pending in a subcommittee of the Licensing and Administrative Procedures Committee on March 22.