

SUBJECT: Creating a wine sales permit for festivals, farmers markets, celebrations

COMMITTEE: Licensing and Administrative Procedures —favorable, without amendment

VOTE: 6 ayes — Kuempel, Geren, Hamilton, Jones, Menendez, Quintanilla

0 nays

3 absent — Thompson, Chisum, Gutierrez

SENATE VOTE: On final passage, April 2 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Nancy Burns, Sustainable Food Center; Gabriel Parker, Texas Wine and Grape Growers Association; (*Registered, but did not testify*: Nicole Bendele, Becker Vineyards; Gene Estes, Dacota Haselwood, Texas Wine and Grape Growers Association; Dan Shelley, City of Grapevine; Cord Switzer, Sandy Switzer, Fredericksburg Winery; Jessica Winslow, Sustainable Food Center)

Against — None

On — Lou Bright, Texas Alcoholic Beverage Commission (TABC); (*Registered, but did not testify*: Dexter Jones, TABC)

DIGEST: SB 711 would establish a winery festival permit under the Alcoholic Beverage Code that would allow permit holders to sell wine at civic or wine festivals, farmers' markets, celebrations, or similar events. The permits could be issued only to holders of winery permits.

The holder of a winery festival permit could not offer wine for sale under a permit for more than five days within any 30-day period or for more than three consecutive days at the same location. Permit holders would have to notify the Texas Alcoholic Beverage Commission (TABC) of the date and location they would sell wine.

A winery permit could be canceled or suspended for a violation connected to activities under the winery festival permit. Provisions of the Alcoholic

Beverage Code that apply to the sale of wine on permit holders premises also would apply to sales under SB 711.

The fee for the permit would be \$50.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

SB 711 would give the Texas wine industry another tool to showcase Texas wines and would give consumers another avenue to sample them. Currently, wineries are allowed to sell wine directly to the public only on their premises or through direct shipment. This narrow sales authorization does not allow the wineries to participate in wine festivals, farmers' markets, or other special events. SB 711 would expand opportunities for Texas wines by establishing a permit allowing wineries to participate in these type of events.

SB 711 would add wineries to the large and well-accepted practice of allowing regular alcohol beverage permit holders temporary permits for special events. Similar temporary and special permits already exist for wine and beer retailers.

The bill would set reasonable criteria for a permit and would include restrictions to ensure sales under the permit were limited to festivals or special events. The bill would not expand the group of those who could sell wine, because only current winery permit holders could obtain a wine festival permit. Sales would be allowed only for a maximum of five days in a 30-day period and for no more than three consecutive days.

The standard enforcement practices used for similar temporary permits would ensure that SB 711 would not increase underage drinking. Violations of the law, such as selling or serving a minor, could result in action being taken against the holder's main winery permit. Winery festival permit holders would have inform TABC of when and where they would be selling wine, and TABC and local law enforcement would be able to monitor their activities.

SB 711 would help support the growth of the Texas wine and winegrape industry. The total economic impact of the industry to Texas has been growing and reached \$1.35 billion in 2007. The Texas wine industry is rooted in local communities, but it supports jobs in agriculture, manufacturing, packing, transportation, tourism, and advertising. In 2007

the industry paid \$63.3 million in state and local taxes, a 62 percent increase over 2005.

SB 711 would allow Texas winery operators the same opportunities as those in other states such as California, Washington, and New York.

**OPPONENTS
SAY:**

SB 711 should include safeguards and parameters to ensure that it does not increase underage access to alcohol or underage drinking. Festivals and special events can provide challenging circumstances in which to enforce underage sales and consumption laws. Safeguards that should be considered for all temporary off-premise permits, especially for those events that would include children, could include requiring training for sellers and servers of alcohol, alcohol-only areas for consumption, and regulation of cup sizes.

NOTES:

According to the fiscal note, SB 711 would increase the state's general revenue-related funds by \$143,440 for fiscal 2011-12.