

- SUBJECT:** Allowing certain brewpubs that self-distribute to sell wine on premises
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** *After recommitted:*
6 ayes — Kuempel, Guillen, Goldman, Hernandez, Herrero, S. Thompson

0 nays

3 absent — Frullo, Geren, Paddie
- WITNESSES:** *March 27 public hearing:*
For — (*Registered, but did not testify:* Rick Donley, The Beer Alliance of Texas)

Against — None

On — Jon Lamb, Texas Craft Brewers Guild; (*Registered, but did not testify:* Thomas Graham, Texas Alcoholic Beverage Commission)
- BACKGROUND:** Alcoholic Beverage Code, ch. 74 governs the activities of brewpubs and authorizes them to sell their products on their premises to consumers and, under certain circumstances, to make sales to distributors, wholesalers, and retailers

Alcoholic Beverage Code, sec. 74.08(a) governs self-distribution to retailers. It allows brewpubs that sell alcoholic beverages manufactured only on the brewpub's premises to sell their malt liquor or ale to retailers and others to whom certain wholesalers may sell. It also allows these brewpubs to sell beer to certain retailers and to others to whom certain wholesalers may sell beer for shipment and consumption outside of Texas.
- DIGEST:** CSHB 2097 would allow brewpubs that also held a wine and beer retailer's permit and whose sale of beer, ale, or malt liquor was restricted to their own production of these products made on their premises to

self-distribute their products to certain retailers and certain other qualified persons. Current language restricting these brewpubs' sales of alcoholic beverages to those manufactured only on the brewpub's premises would be eliminated.

The bill would take effect September 1, 2017.

**SUPPORTERS
SAY:**

CSHB 2097 would clear up confusion over whether brewpubs with beer and wine retailers permits whose sales of beer, ale, and malt liquor consist only of their own products and who self-distribute may also sell wine on their premises.

Current law can be read as restricting self-distribution to brewpubs whose on-site sales consist solely of their own beer, ale, or malt liquor made on their premises. Under this interpretation, these brewpubs could not sell wine produced by others. However, under another interpretation of current law, these brewpubs can have on-site sales of only beer, ale, and malt liquor that they produce and they also may make on-site sales of wine produced by others.

The bill would make it clear that these brewpubs also may sell wine produced by others. Brewpubs have been operating under both interpretations without any issues so there is no reason for a restriction on sales of wine by self-distributing brewpubs that sell on their premises only their own beer, ale, and malt liquor. Brewpubs with the appropriate wine and beer retailer's permit should be free to sell wine to meet the demands of their customers. While some customers come to brewpubs to sample the establishment's products, others in a party may prefer wine, and there is no reason to restrict these sales. The bill would not change any of the other restrictions that brewpubs operate under and would not change their self-distribution authority.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES: HB 2097 as filed would have restricted self-distribution by brewpubs to those whose sale of alcoholic beverages consisted only of beer, ale, and malt liquor manufactured on the brewpub's premises.