

BILL ANALYSIS

Senate Research Center
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S.B. 1255
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

For many years, breweries in Texas and other jurisdictions have been contract brewing. Contract brewing occurs when a manufacturer brews beer for another beer manufacturer using that manufacturer's recipe. Texas has permitted contract brewing for over 20 years.

In 1998, Texas Attorney General Dan Morales ruled that contract brewing was illegal under the Alcoholic Beverage Code. This ruling affected the permits of over 120 licensed companies. The Texas Alcohol Beverage Commission granted a stay of enforcement until June 30, 2005, to await a legislative correction.

Current law, Section 61.41, Alcoholic Beverage Code, provides that "[n]o license may be issued for a premises, location or place of business for which a license is in effect."

As purposed, S.B. 1255 authorizes multiple manufacturers to hold a license for the same premises.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 12, Alcoholic Beverage Code, by adding Section 12.06, as follows:

Sec. 12.06. USE OF FACILITIES. Authorizes the holder of a brewer's permit to contract with another holder of a brewer's permit for the use of brewing facilities or to provide brewing services. Provides that the holder of a brewer's permit is not required to own its brewing facilities. Authorizes more than one brewer's permit to be issued for a single premises.

SECTION 2. Amends Chapter 13, Alcoholic Beverage Code, by adding Section 13.04, as follows:

Sec. 13.04. USE OF FACILITIES. Authorizes the holder of a brewer's permit to contract with another holder of a brewer's permit for the use of brewing facilities or to provide brewing services. Provides that the holder of a brewer's permit is not required to own its brewing facilities. Authorizes more than one brewer's permit to be issued for a single premises.

SECTION 3. Amends Section 61.41, Alcoholic Beverage Code, as follows:

Sec. 61.41. SECOND LICENSE AT SAME LOCATION; EFFECT ON EXISTING LICENSE. (a) Prohibits a license from being issued for a premises, location, or place of business for which a license is in effect unless the holder of the existing license has shown as specified that the license holder, rather than he, will no longer exercise any privilege granted by the existing license at that location. Adds an exception, as provided by Subsection (d).

(b) Creates this subsection from existing text. Make a nonsubstantive change.

(c) Creates this subsection from existing text. Makes nonsubstantive changes.

(d) Authorizes more than one manufacturer's or nonresident manufacturer's license to be issued for a single premises under certain circumstances.

SECTION 4. Section 62.03(a), Alcoholic Beverage Code, as follows:

(a) Requires that each applicant for a manufacturer's license file a sworn statement with an application, as specified. Adds an exception, as provided by Section 62.14. Requires that the statement be signed by a principal officer if the applicant is a corporation. Authorizes, rather than requires, the county judge not to approve an application unless it is accompanied by the sworn statement.

SECTION 5. Amends Chapter 62, Alcohol [sic] Beverage Code, by adding Section 62.14, as follows:

Sec. 62.14. USE OF FACILITIES. Authorizes the holder of a manufacturer's license to contract with another holder of a manufacturer's license for the use of manufacturing facilities or to provide manufacturing services. Provides that the holder of a manufacturer's license is not required to own its manufacturing facilities.

SECTION 6. Amends Chapter 63, Alcoholic Beverage Code, by adding Section 63.05, as follows:

Sec. 63.05. USE OF FACILITIES. Authorizes the holder of a manufacturer's license to contract with another holder of a manufacturer's license for the use of manufacturing facilities or to provide manufacturing services. Provides that the holder of a manufacturer's license is not required to own its manufacturing facilities.

SECTION 7. Effective date: upon passage or September 1, 2005.