

BILL ANALYSIS

Senate Research Center
79R4598 AJA-D

S.B. 1669
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current law allows a winery to operate in a dry area of the state, providing that the wine is "at least 75 percent by volume fermented juice of grapes or other fruit grown in this state." Without the ability to adjust this percentage, a drought or other catastrophic event that could affect grape production in this state would be disastrous to the growing Texas wine industry.

As proposed, S.B. 1669 requires the Texas Wine Marketing Research Institute, or another entity designated by the commissioner of agriculture, to conduct an annual study to assess the quantities and varieties of grapes and other fruit grown in this state that are available on September 30 of the study year for use in winemaking and the needs of the wineries. Upon receiving this study, the commissioner has the authority to reduce the percentage required if necessary.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of agriculture in SECTION 1 (Section 12.039, Agriculture Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 12, Agriculture Code, by adding Section 12.039, as follows:

Sec. 12.039. CERTAIN WINE PRODUCED OR BOTTLED IN THIS STATE. (a) Requires the Texas Wine Marketing Research Institute (institute) or another agency designated by the commissioner of agriculture (commissioner) by rule, to conduct an annual study relating to the quantities and varieties of grapes and other fruit grown in this state that are used for winemaking.

(b) Requires the institute or other designated entity, not later than October 15 of the study year, to submit a report to the commissioner. Requires the report to include certain information.

(c) Requires the commissioner to review the results of the study and, if the commissioner determines that the quantity of a variety of grapes or other fruit grown in this state is insufficient for the wineries in this state to produce their projected production estimates during the following calendar year, authorizes the commissioner to reduce the percentage by volume of fermented juice of grapes or other fruit grown in this state that wine containing that particular variety of grape or other fruit grown in this state must contain. Requires the percentage to ensure that the use of that grape or fruit grown in this state must contain. Requires the percentage established under this subsection to ensure that the use of certain fruits grown in this state is maximized while allowing for the acquisition of grapes or other fruit grown outside of this state in a quantity sufficient to meet the needs of wineries in this state.

(d) Requires the commissioner to make the commissioner's determination available to the public in writing not later than December 31 of the study year.

(e) Provides that a requirement established under Subsection (c) applies to wine bottled under Section 16.011 (Premises in a Dry Area), Alcoholic Beverage Code, during the calendar year following the study year.

(f) Authorizes the winery, if a winery in this state finds that the determination made by the commissioner under Subsection (c) does not reduce the percentage requirement with respect to a particular variety of grape or other fruit to a level sufficient for the winery to meet the winery's planned production for the relevant year, to submit documentation or other information to the commissioner substantiating that the winery has not been able to acquire those grapes or other fruit grown in this state in an amount sufficient to meet the winery's production needs. Authorizes the commissioner, if the commissioner determines that there is not a sufficient quantity of that variety of grapes or other fruit grown in this state to meet the needs of that winery, to reduce the percentage requirement for wine bottled during the remainder of the calendar year that contains that variety of fruit.

(g) Authorizes the commissioner to take certain actions relating to establishing a voluntary registry to assist in the determination of the availability of grapes and other fruit and to assess a fee to cover the costs of administering the registry.

SECTION 2. Amends Section 16.011, Alcoholic Beverage Code, to authorize a holder of a winery permit under this section to engage in any activity authorized under Section 16.01 (Authorized Activities) except that the permit holder is authorized to sell or dispense wine under that section only if the wine is bottled, rather than manufactured, in this state; and is at least 75 percent by volume of fermented juice of grapes or other fruit grown in this state or a lesser percentage established by the commissioner, under Section 12.039, Agriculture Code.

SECTION 3. Effective date: September 1, 2005.