

BILL ANALYSIS

Senate Research Center
81R2899 MCK-F

S.B. 538
By: Estes
Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, wineries are permitted to sell wine for off-premises consumption in an amount not to exceed 35,000 gallons annually. The Texas wine industry increased from 1.26 million gallons of wine production in 2003 to 2.4 million gallons of wine production in 2007. The 35,000 gallon allotment will soon be met by many of the state's wineries.

As proposed, S.B. 538 increases the cap on the number of gallons a winery may sell directly to consumers for off-premise consumption from 35,000 gallons annually to 55,000 annually. The bill makes a corresponding adjustment for holders of out-of-state winery direct shippers' permits.

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 Section 16.01(a), Alcoholic Beverage Code, as follows:

Sec. 16.01. AUTHORIZED ACTIVITIES. (a) Authorizes the holder of a winery permit, except as provided by Section 16.011 (Premises in Dry Area), to sell wine to ultimate consumers in unbroken packages for off-premises consumption in an amount not to exceed 55,000, rather than 35,000, gallons annually.

SECTION 2. Amends Section 54.02, Alcoholic Beverage Code, as follows:

Sec. 54.02. PROHIBITED ACTIVITIES. Prohibits the holder of an out-of-state winery direct shipper's permit from selling to ultimate consumers more than 55,000, rather than 35,000, gallons annually.

SECTION 3. Effective date: September 1, 2009.