

BILL ANALYSIS

Senate Research Center
83R19878 AJA-F

H.B. 2537
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

While Texas wineries are included in the manufacturing tier of the Texas three-tiered distribution system, they are not currently obligated to manufacture wine. H.B. 2537 imposes a manufacturing obligation on Texas wineries as a condition of holding a winery permit, similar to that imposed on manufacturers of beer.

H.B. 2537 amends current law relating to production requirements for holders of winery 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 Chapter 16, Alcoholic Beverage Code, by adding Section 16.012, as follows:

Sec. 16.012. PRODUCTION REQUIREMENTS. (a) Requires the holder of a winery permit to produce, bottle, or blend at least 200 gallons of wine or fruit brandy annually beginning in the 12-month period preceding the third anniversary of the date the winery's original permit is issued.

(a-1) Requires the holder of a winery permit issued before September 1, 2013, notwithstanding Subsection (a), to produce, bottle, or blend at least 200 gallons of wine or fruit brandy annually beginning in the 12-month period preceding September 1, 2016. Provides that this subsection expires September 1, 2017.

(b) Authorizes the winery activities required by this section to be done through an agreement authorized by Section 16.05 (Operating Agreements Between Permit Holders) or through an agreement with another winery in this state for a bottling brand under an Alcohol and Tobacco Tax and Trade Bureau Basic Permit trade name application.

(c) Provides that failure to comply with this section constitutes grounds to cancel or suspend a winery permit or deny an application for renewal of a winery permit.

SECTION 2. Effective date: September 1, 2013.