

BILL ANALYSIS

Senate Research Center
84R22923 MCK-D

C.S.S.B. 326
By: Estes et al.
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, both in-state and out-of-state wineries are limited to selling 35,000 gallons per year directly to consumers in unbroken packages for off-premises consumption. The Texas wine industry attributes much of its rapid growth over the past 15 years to its ability to directly interact with consumers under this statute.

However, due to the rapid growth the industry has experienced, the 35,000-gallon limit has begun to hinder the further growth of several of the state's larger wineries. California, Washington, Oregon, and New York have more developed wine industries than Texas, and none of these states limit direct sales by wineries for off-premises consumption.

S.B. 326 removes the 35,000-gallon limit to encourage the Texas wine industry to continue growing at its current rapid pace. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 326 amends current law relating to the amount of wine certain wineries may sell directly to consumers.

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:

(a) Authorizes the holder of a winery permit, except as provided by Section 16.011 (Premises in Dry Area), to:

(1)-(4) Makes no change to these subdivisions;

(5) sell wine to ultimate consumers for consumption on the winery premises;

(6) sell wine manufactured or bottled by the winery permit holder to ultimate consumers in unbroken packages for off-premises consumption in an amount not to exceed 155,000 gallons annually;

(7) sell wine that is not manufactured or bottled by the winery permit holder to ultimate consumers in unbroken packages for off-premises consumption in an amount not to exceed 25,000 gallons, rather than 35,000 gallons, annually;

Redesignates existing Subdivisions (6), (7), (8), and (9) as Subdivisions (8), (9), (10), and (11), respectively and makes no further changes to these subdivisions.

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:

(1) Makes no change to this subdivision;

(2) and (3) Makes nonsubstantive changes;

(4) selling to ultimate consumers more than 155,000 gallons, rather than 35,000 gallons, of wine annually.

SECTION 3. Effective date: September 1, 2015.