

BILL ANALYSIS

Senate Research Center
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S.B. 1217
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas craft breweries are seeking the right to sell beer and ale to consumers in limited quantities for off-premise consumption. Currently, wineries, distilleries, and brewpubs in Texas already enjoy this privilege. In addition, Texas is one of only two states in the country that does not permit off-premise sales at production breweries.

S.B. 1217 specifically restricts monthly purchases to 576 fluid ounces per consumer, which is the equivalent of two cases of beer. Importantly, this only gives breweries a new and limited right, without expanding the overall cap of 5,000 barrels, which they can sell directly to consumers. Additionally, S.B. 1217 would only apply to breweries that produce less than 225,000 barrels of beer or ale per year.

These limitations ensure breweries would still need to adhere to the current three-tier regulatory system to reach retail customers. Moreover, both retailers and distributors potentially stand to benefit from the increased demand created by craft breweries having the ability to better market their products.

As proposed, S.B. 1217 amends current law relating to the sale of beer and ale by certain manufacturers for off-premises consumption.

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 12.052, Alcoholic Beverage Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes certain holders of a brewer's permit to sell ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises:

(1) creates this subdivision from existing text and makes a nonsubstantive change;
or

(2) subject to Subsection (a-1), for off-premises consumption.

(a-1) Provides that sales to consumers on the brewer's premises for off-premises consumption are limited to one purchase per consumer per month. Provides that the consumer's monthly purchase is limited to 576 fluid ounces of beer and ale combined.

SECTION 2. Amends Section 62.122, Alcoholic Beverage Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes certain manufacturer's licensees to sell beer produced on the manufacturer's premises under the license to ultimate consumers on the manufacturer's premises:

(1) creates this subdivision from existing text and makes a nonsubstantive change;
or

(2) subject to Subsection (a-1), for off-premises consumption.

(a-1) Provides that sales to consumers on the manufacturer's premises for off-premises consumption are limited to one purchase per customer per month. Provides that the consumer's monthly purchase is limited to 576 fluid ounces of beer and ale combined.

SECTION 3. Effective date: September 1, 2017.