

BILL ANALYSIS

Senate Research Center

S.B. 2083
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In the 83rd Session, the legislative leadership engaged alcoholic beverage stakeholders, leading to the passage of a tightly-negotiated compromise known as the "craft beer bill package."

In the package of bills, the legislature modified regulations related to small brewers, including a limited allowance for retail on premise consumption (S.B. 518, tap rooms) and a reformed license/permitting system for self-distribution (S.B. 516 and S.B. 517). The self-distribution provisions were modified to apply to breweries whose annual production was limited to 125,000 barrels of beer/ale combined. The retail tap room provision was limited to those breweries whose combined production of beer/ale was below 225,000 barrels. In both instances, the production caps were the legislature's mechanism for defining small brewers. It was always the legislature's intention for brewers above 225,000 barrels of production to remain prohibited from retailing and/or distributing their beer/ale directly to consumers and retailers. S.B. 2083 preserves the original intent of the 2013 legislation. Recent acquisitions of craft breweries by mega-brewers necessitate clarification of the legislature's stated goal of helping the "emerging small brewing industry."

S.B. 2083 clarifies that the retail tap room and self-distribution privileges extended in the 2013 craft beer bill package are available only to small brewers as an additional tool for gaining access to their local markets in furtherance of the legislature's stated prerogative of assisting small businesses and entrepreneurs.

As proposed, S.B. 2083 amends current law relating to the sale of beer and ale by the holders of manufacturer's licenses and brewer's 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 12.052, Alcoholic Beverage Code, as follows:

Sec. 12.052. SALES BY CERTAIN BREWERS TO CONSUMERS. (a) Authorizes the holder of a brewer's permit whose annual production of ale together with the annual production of beer by the holder of a manufacturer's license at all premises owned directly or indirectly by the license holder or an affiliate or subsidiary does not exceed a total of 225,000 barrels, rather than whose annual production of ale together with the annual production of beer by the holder of a manufacturer's license at the same premises does not exceed a total of 225,000 barrels, to sell ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises for responsible consumption on the brewer's premises, in addition to the activities authorized by Section 12.01 (Authorized Activities).

(b) Makes no changes to this subsection.

SECTION 2. Amends Section 62.122, Alcoholic Beverage Code, as follows:

Sec. 62.122. SALES BY CERTAIN MANUFACTURERS TO CONSUMERS. (a) Authorizes a manufacturer's licensee whose annual production of beer together with the annual production of ale by the holder of a brewer's permit at all premises owned directly or indirectly by the license holder or an affiliate or subsidiary does not exceed 225,000 barrels, rather than whose annual production of beer together with the annual production of ale by the holder of a brewer's permit at the same premises owned does not exceed 225,000 barrels, to sell beer produced on the manufacturer's premises under the license to ultimate consumers on the manufacturer's premises for responsible consumption on the manufacturer's premises.

(b) Makes no changes to this subsection.

SECTION 3. Amends Section 12A.02, Alcoholic Beverage Code, as follows:

Sec. 12A.02. AUTHORIZED ACTIVITIES. (a) Authorizes a holder of a brewer's self-distribution permit whose annual production of ale under the brewer's or nonresident brewer's permit, together with the annual production of beer by the holder of a manufacturer's or nonresident manufacturer's license at all premises owned directly or indirectly by the license holder or an affiliate or subsidiary, does not exceed 125,000 barrels, rather than whose annual production of ale under the brewer's or nonresident brewer's permit, together with the annual production of beer by the holder of a manufacturer's or nonresident manufacturer's license at the same premises, does not exceed 125,000 barrels, to sell ale produced under the brewer's or nonresident brewer's permit to certain persons.

(b) Prohibits the total combined sales of ale under this section, together with the sales of beer by the holder of a manufacturer's self-distribution license under Section 62A.02 at all premises owned directly or indirectly by the license holder or an affiliate or subsidiary, rather than together with the sales of beer by the holder of a manufacturer's self-distribution license under Section 62A.02 at the same premises owned, from exceeding 40,000 barrels annually.

(c) and (d) Makes no changes to these subsections.

SECTION 4. Amends Section 62A.02, Alcoholic Beverage Code, as follows:

Sec. 62A.02. AUTHORIZED ACTIVITIES. (a) Authorizes a holder of a manufacturer's self-distribution license whose annual production of beer under the manufacturer's or nonresident manufacturer's license, together with the annual production of ale by the holder of a brewer's or nonresident brewer's permit at all premises owned directly or indirectly by the license holder or an affiliate or subsidiary, does not exceed 125,000 barrels, rather than whose annual production of beer under the manufacturer's or nonresident manufacturer's license, together with the annual production of ale by the holder of a brewer's or nonresident brewer's permit at the same premises owned, does not exceed 125,000 barrels, to sell beer produced under the manufacturer's or nonresident manufacturer's license to certain persons.

(b) Prohibits the total combined sales of beer under this section, together with the sales of ale by the holder of a brewer's self-distribution permit under Section 12A.02 at all premises owned directly or indirectly by the license holder or an affiliate of subsidiary, rather than together with the sales of ale by the holder of a brewer's self-distribution permit under Section 12A.02 at the same premises owned, from exceeding 40,000 barrels annually.

(c) and (d) Makes no changes to these subsections.

SECTION 5. Effective date: upon passage or September 1, 2017.