

BILL ANALYSIS

Senate Research Center
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S.B. 951
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Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Rapid growth in the marketplace, drastic weather events, and evolution of the Texas wine industry as a whole have pushed Texas winegrowers into a volatile economic climate. Currently, Texas winegrowers cannot own alcohol (wine) and retain title to the product. Winegrowers have been forced to turn over title to a third-party company that contractually processes and/or stores the winegrowers' wine. A system for fluid transfers between winegrowers and full-fledged wineries for the sale of bulk wine is needed if the wine industry is to expand in Texas.

S.B. 951 creates a new Grower's Permit, much like the State of Oregon's, which may be issued only to a person who is engaged in the business of growing or producing fruit in Texas that can be made into wine. The permit holder would be able to sell bulk wine outside the state as well.

As proposed, S.B. 951 amends current law relating to the regulation of the manufacture and sale of wine and certain related activities and authorizes a fee.

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 11.39(a), Alcoholic Beverage Code, by changing references to wine bottler's to grower's and by making nonsubstantive changes.

SECTION 2. Amends Section 16.01(a), Alcoholic Beverage Code, as follows:

(a) Authorizes the holder of a winery permit to buy bulk wine from the holder of a grower's permit and store bulk wine on behalf of the holder of a grower's permit. Deletes existing text including holders of wine bottler's permits from the list of permit holders authorized to sell wine in this state or to buy wine from permit holders authorized to purchase and sell wine and makes a nonsubstantive change.

SECTION 3. Amends Subtitle A, Title 3, Alcoholic Beverage Code, by adding Chapter 18A, as follows:

CHAPTER 18A. GROWER'S PERMIT

Sec. 18A.01. AUTHORIZED ACTIVITIES. Authorizes the holder of a grower's permit to provide fruit that the holder has grown in this state to the holder of a winery permit for the purpose of having the fruit manufactured into bulk wine, store bulk wine on the grower's permitted premises, sell bulk wine to the holder of a winery permit, and sell bulk wine to qualified persons outside the state.

Sec. 18A.02. TITLE. Provides that the holder of a grower's permit retains title to fruit provided to and wine manufactured by the holder of a winery permit until the holder of the grower's permit sells the wine to a qualified person.

Sec. 18A.03. FEE. Provides that the annual state fee for a grower's permit is \$150.

Sec. 18A.04. ELIGIBILITY. Authorizes a grower's permit to be issued only to a person who is engaged in the business of growing or producing fruit in this state that can be made into wine.

Sec. 18A.05. RECORD OF SALES. Requires the holder of a grower's permit to keep a permanent record of each wine sale. Requires that the record include the name of the person who manufactured the wine, the name of the person who purchased the wine, the number of gallons manufactured and sold, and the percentage of alcohol of the wine by volume.

SECTION 4. Amends Section 19.01, Alcoholic Beverage Code, to delete existing text including wine bottlers in a list of people from whom the holder of a wholesaler's permit is authorized to purchase and import liquor.

SECTION 5. Amends Section 20.01, Alcoholic Beverage Code, to delete existing text including wine bottlers in a list of people from whom the holder of a general class B wholesaler's permit is authorized to purchase and import malt and vinous liquors.

SECTION 6. Amends Section 22.01, Alcoholic Beverage Code, to delete existing text including wine bottlers in a list of people from whom the holder of a package store permit is authorized to purchase liquor and make a nonsubstantive change.

SECTION 7. Amends Section 24.01(a), Alcoholic Beverage Code, to delete existing text including wine bottlers in a list of people from whom the holder of a wine only package store permit is authorized to purchase ale, wine, and vinous liquors in this state.

SECTION 8. Amends Section 41.05, Alcoholic Beverage Code, as follows:

Sec. 41.05. TRANSPORTATION OF WINE OUT OF STATE. Authorizes a common carrier that does not hold a carrier permit, at the request of a holder of a winery permit or a grower's permit, to transport wine from the premises of the holder of the winery permit or grower's permit or from another location where the holder of a winery permit or grower's permit may legally store wine to a destination out of this state, if the common carrier is otherwise authorized to legally transport wine and the holder of the winery permit or grower's permit furnishes certain required documentation to the Texas Alcoholic Beverage Commission.

SECTION 9. Amends Section 42.01, Alcoholic Beverage Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Deletes existing text including the holder of a private carrier permit who is also a holder of a wine bottler's permit in the list of persons authorized to transport liquor from the place of purchase to the holder's place of business and from the place of sale or distribution to the purchaser in certain vehicles.

(a-1) Authorizes the holder of a private carrier permit who is also a holder of a grower's permit to transport bulk wine from the place of manufacture to the holder's place of business and from the holder's place of business to the purchaser in a vehicle owned or leased in good faith by the holder if the transportation is for a lawful purpose.

SECTION 10. Amends Section 42.04, Alcoholic Beverage Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Exempts a holder of a winery permit from the requirements of this section for the transportation of the permit holder's wine or wine manufactured by the permit holder for the holder of a grower's permit.

(e) Exempts a holder of a grower's permit from the requirements of this section for the transportation of the permit holder's wine.

SECTION 11. Amends Section 45.03(a), Alcoholic Beverage Code, by changing a reference to wine bottler's permit to grower's permit.

SECTION 12. Amends Section 45.04, Alcoholic Beverage Code, to authorize a holder of a winery permit or grower's permit whose permitted premises, rather than a holder of a winery permit whose winery, is located in a county all or part of which is in a dry area to obtain a storage permit to store the winery's or grower's product in a dry areas of that county if the holder of the winery permit or grower's permit obtains a permit for each place of storage and the product to be stored is owned by the holder of the winery permit or grower's permit and remains in the holder's possession.

SECTION 13. Amends Section 50.001, Alcoholic Beverage Code, to delete existing text including wine bottlers in a list of people on behalf of whom the holder of a promotional permit is authorized to engage in certain activities.

SECTION 14. Amends Section 102.03(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 15. Amends Section 102.04(a), Alcoholic Beverage Code, to delete existing text providing that this section (Persons Barred from Interest in Mixed Beverage Business), applies to any person who has an interest in the business of a wine bottler.

SECTION 16. Amends Section 102.07(a), Alcoholic Beverage Code, by changing reference to wine bottler to grower.

SECTION 17. Amends Section 102.32(a)(1), Alcoholic Beverage Code, by redefining "wholesale dealer."

SECTION 18. Amends Section 109.33, Alcoholic Beverage Code, by adding Subsection (e-1) and amending Subsection (f), as follows:

(e-1) Provides that this section does not apply to the holder of a grower's permit.

(f) Deletes existing text exempting wine bottlers from Subsections (a)(2) (relating to restrictions placed on the sale of alcoholic beverages within the vicinity of a public school) and (a)(3) (relating to restrictions placed on the sale of alcoholic beverages within the vicinity of a private school).

SECTION 19. Amends Section 109.63(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 20. Amends Sections 204.01(f) and (i), Alcoholic Beverage Code, by changing reference to wine bottler's permit to grower's permit and making nonsubstantive changes.

SECTION 21. Amends Section 204.06, Alcoholic Beverage Code, by changing reference to wine bottler's permit to grower's permit.

SECTION 22. Repealer: Chapter 18 (Wine Bottler's Permit), Alcoholic Beverage Code.

SECTION 23. Effective date: September 1, 2017.