

BILL ANALYSIS

Senate Research Center

H.B. 1545
By: Paddie (Birdwell)
Business & Commerce
5/5/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Following the repeal of Prohibition, Texas chose to regulate alcohol through a three-tier system, separating the manufacture, distribution, and sale of alcoholic beverages. However, over the years the legislature has taken a piecemeal approach to responding to the evolving alcoholic beverage industry, carving out exceptions for various activities and creating ever more complicated nuances in the law instead of taking a more holistic approach to regulating the industry. This approach has not only limited the effectiveness and efficiency of the Texas Alcoholic Beverage Commission's (TABC) administration and operation but has also hampered innovation and growth across all three tiers of the alcohol and beverage industry.

The Texas Sunset Advisory Commission (Sunset) found both the Alcoholic Beverage Code and TABC's operations in serious need of modernization. Sunset's recommendations seek to strengthen the commission's ability to regulate the industry and oversee the agency, streamline the licensing structure and process to improve efficiency, and eliminate outdated or duplicative regulations.

H.B. 1545 reflects Sunset's decisions as originally adopted.

H.B. 1545 amends current law relating to the continuation and functions of the Texas Alcoholic Beverage Commission, including the consolidation, repeal, and creation of certain licenses and permits; and changes fees.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission (TABC) in SECTION 9, 11, 12, 33, 48, 69, 107, 117, 119, 123, 167, 212, 271, 341 (Section 5.21, 5.361, 5.363, 11.43, 11.431, 11.614, 16.12, 25.15, 28.19, 30.08, 30.09, 32.25, 61.313, 62.122, 69.18, 101.67, 108.52, Alcoholic Beverage Code) of this bill.

Rulemaking authority previously granted to TABC is modified in SECTION 13, 15, 101, 119, 120, 208, 273 (Section 5.40, 5.50, 25.09, 30.08, 32.01, 62.08, 108.52, Alcoholic Beverage Code) of this bill.

Rulemaking authority previously granted to TABC is rescinded in SECTION 404, 405, and 410 (Sections 12.052, 12.056, 12A.04, 13.04, 27.05, 31.03, 33.25, 33.26, 42.05, 53.009, 55.02, 61.311, 72.05, 73.08, 201.47, Alcoholic Beverage Code) of this bill.

Rulemaking authority previously granted to TABC or a party conducting a hearing under the Alcoholic Beverage Code is rescinded in SECTION 406 (Section 5.435, Alcoholic Beverage Code) of this bill.

Rulemaking authority previously granted to masters in certain counties is rescinded in SECTION 406 (Section 61.311, Alcoholic Beverage Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 1.04(5), (7), (13), (14), (15), (17), (18), and (27), Alcoholic Beverage Code, to redefine "liquor," "wine and vinous liquor," "mixed beverage," "barrel,"

"original package," and "contract brewing arrangement," and to define "malt beverage," rather than "beer," and "brewer," rather than "manufacturer."

SECTION 2. Amends Section 1.04(9), Alcoholic Beverage Code, effective December 31, 2020, to redefine "applicant."

SECTION 3. Amends Chapter 1, Alcoholic Beverage Code, by adding Section 1.08, as follows:

Sec. 1.08. PREVENTION OF HUMAN TRAFFICKING. Provides that it is the intent of the legislature to prevent human trafficking at all permitted and licensed premises, and all provisions of this code are required to be liberally construed to carry out this intent, and it is required to be a duty and priority of the Texas Alcoholic Beverage Commission (TABC) to adhere to a zero tolerance policy of preventing human trafficking and related practices.

SECTION 4. Amends Section 5.01(b), Alcoholic Beverage Code, effective September 1, 2019, to provide that TABC is subject to Chapter 325, Government Code (Texas Sunset Act). Provides that unless continued in existence as provided by that chapter, TABC is abolished and Subchapter A, Chapter 5, expires September 1, 2031, rather than September 1, 2019.

SECTION 5. Amends Section 5.02(a), Alcoholic Beverage Code, effective September 1, 2019, to provide that TABC is composed of five members, rather than three members, who are appointed by the governor with the advice and consent of the senate.

SECTION 6. Amends Section 5.022, Alcoholic Beverage Code, effective September 1, 2019, by amending Subsection (b) and adding Subsection (d), as follows:

(b) Requires the training program to provide the person with information regarding:

(1) the law governing TABC operations, rather than the legislation that created TABC;

(2) the programs, functions, rules, and budget of TABC, rather than and TABC's programs, functions, rules, and budget;

(3) the scope of and limitations on the rulemaking authority of TABC;

(4) makes no changes to this subdivision;

(5) the requirements of:

(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest, rather than conflicts of interest; and

(B) other laws applicable to members of a state policymaking body in performing their duties; and

(6) any applicable ethics policies adopted by TABC or the Texas Ethics Commission.

Creates Subdivision (2) from existing text, redesignates Subdivision (2) as Subdivision (4), redesignates Subdivision (3) as Subdivision (5), creates Paragraph (5)(A) from existing text, and redesignates Subdivision (4) as Subdivision (6).

(d) Requires the administrator of TABC (administrator) to create a training manual that includes the information required by Subsection (b). Requires the administrator to distribute a copy of the training manual annually to each member of TABC. Requires

each member of TABC to sign and submit to the administrator a statement acknowledging that the member received and has reviewed the training manual.

SECTION 7. Amends Section 5.03, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 5.03. TERMS OF OFFICE. Provides that the members of TABC hold office for staggered terms of six years, with the term of one or two members expiring every two years, rather than with the term of one member expiring every two years. Provides that each member holds office until the member's successor is appointed and has qualified. Authorizes the governor to appoint a member to serve consecutive terms, rather than authorizing a member to be appointed to succeed himself. Makes a nonsubstantive change.

SECTION 8. Amends Section 5.05, Alcoholic Beverage Code, effective September 1, 2019, by amending Subsections (a), (a-1), and (a-2) and adding Subsection (a-3), as follows:

(a) Deletes existing text prohibiting a person from being appointed to or serve on TABC, or hold an office under TABC, or be employed by TABC, who has any financial connection with a person engaged in an alcoholic beverage business, holds stocks or bonds in an alcoholic beverage business, or has a pecuniary interest in an alcoholic beverage business. Prohibits a person from being appointed to or serving on TABC, or holding an office under TABC, or being employed by TABC, if the person is employed by or has a financial interest in an alcoholic beverage business. Provides that, for purposes of this subsection, a person has a financial interest in an alcoholic beverage business if:

(1) the person owns or controls, directly or indirectly, an ownership interest of:

(A) at least five percent in a single alcoholic beverage business, including the right to share in profits, proceeds, or capital gains; or

(B) at least five percent cumulative interest, including the right to share in profits, proceeds, or capital gains, in multiple alcoholic beverage businesses; or

(2) the person's spouse or child has an ownership interest described by Subdivision (1).

(a-1) Provides that a financial interest prohibited by Subsection (a) does not include an ownership interest under a retirement plan, a blind trust, or insurance coverage, or an ownership interest of less than five percent in a corporation.

(a-2) Creates this subsection from existing text.

(a-3) Creates this subsection from existing text and redesignates Subsection (a-2) as this subsection.

SECTION 9. Amends Subchapter A, Chapter 5, Alcoholic Beverage Code, effective September 1, 2019, by adding Section 5.21, as follows:

Sec. 5.21. ADVISORY COMMITTEES. (a) Authorizes TABC, by rule, to establish advisory committees it considers necessary to accomplish the purposes of this code.

(b) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, applies to an advisory committee created by TABC.

SECTION 10. Amends the heading to Section 5.361, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

Sec. 5.361. ENFORCEMENT; INSPECTIONS.

SECTION 11. Amends Section 5.361, Alcoholic Beverage Code, Effective September 1, 2019, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Requires TABC by rule, as part of TABC's enforcement activities under this section, to develop a plan for inspecting permittees and licensees using a risk-based approach that prioritizes public safety. Authorizes the inspection plan to provide for a virtual inspection of the permittee or licensee that may include a review of the permittee's or licensee's records or may also require a physical inspection of the permittee's or licensee's premises.

(a-2) Requires the inspection plan to:

(1) establish a timeline for the inspection of each permittee and licensee that ensures that high-risk permittees and licensees are prioritized; and

(2) require TABC to physically inspect the premises of each permittee and licensee within a reasonable time as set by rule.

SECTION 12. Amends Subchapter B, Chapter 5, Alcoholic Beverage Code, effective September 1, 2019, by adding Sections 5.363 and 5.364, as follows:

Sec. 5.363. DISCIPLINARY AUTHORITY OF ADMINISTRATOR AND COMMISSION. (a) Authorizes TABC by rule to delegate to the administrator the authority to take disciplinary and enforcement actions against a person subject to TABC's regulation under this code, including the authority to enter into an agreed settlement of a disciplinary action. Requires TABC, in the rules adopted under this subsection, to specify a threshold for the types of disciplinary and enforcement actions that are delegated to the administrator.

(b) Requires TABC to make the final decision in any disciplinary action in a contested case that has had an administrative hearing.

Sec. 5.364. RECEIPT AND USE OF MARKET DATA. (a) Authorizes TABC to receive market data that is voluntarily provided by a licensee or permittee under this code.

(b) Authorizes TABC to only use the market data received under Subsection (a) for TABC's law enforcement purposes. Prohibits TABC from using the data to create a database of information containing individually identifying information.

SECTION 13. Amends Section 5.40, Alcoholic Beverage Code, as follows:

Sec. 5.40. New heading: REGULATION OF MALT BEVERAGE CONTAINER DEPOSITS. Provides that if TABC finds it necessary to effectuate the purposes of this code, it is authorized to adopt rules to provide a schedule of deposits required to be obtained on malt beverage containers, rather than beer containers, delivered by a licensee.

SECTION 14. Amends Section 5.43, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 5.43. WHO MAY HOLD HEARING; RULES OF EVIDENCE. (a) Provides that, except for a hearing on the adoption of TABC rules or a hearing on an employment matter, TABC designates the State Office of Administrative Hearings (SOAH) to conduct and make a record of any hearing authorized by this code, rather than providing that, except as provided by Subsection (b) for a hearing held under Section 61.32 (Protest Hearing by County Judge) of this code, a hearing on the adoption of TABC rules, or a hearing on an employment matter, TABC designates SOAH to conduct and make a record of any hearing authorized by this code.

(b) Authorizes TABC, rather than TABC or the administrator, to render a decision on the basis of the record or the proposal for decision if one is required under the administrative procedure law, Chapter 2001 (Administrative Procedure), Government Code, as if TABC, rather than as if the administrator or entire TABC, had conducted the hearing.

SECTION 15. Amends Section 5.50, Alcoholic Beverage Code, as follows:

Sec. 5.50. ESTABLISHMENT OF CERTAIN FEES. (a) Authorizes TABC by rule to establish reasonable fees for tasks and services performed by TABC in carrying out the provisions of this code, including fees for the issuance of certificates, licenses, and permits under Title 3 (Licenses and Permits), rather than including fees incidental to the issuance of licenses, and permits under Title 3 of this code.

(b) Requires TABC by rule to assess a fee on all applicants for an original or renewal certificate, permit, or license issued by TABC and collect the fee at the time of application, rather than assess surcharges on all applicants for an original or renewed certificate, permit, or license issued by TABC in addition to any fee set by this code, and collect the surcharges at the time of application.

(b-1) Requires TABC to develop a process for setting fees that ensures the amount of the fees for an original or renewal certificate, permit, or license is sufficient to cover the costs incurred by TABC in administering this code. Requires the process to:

(1) allow TABC to:

(A) consider relevant information including the type of business being regulated and the level of regulatory activities associated with each certificate, permit, or license; and

(B) set different fees for the same original or renewal certificate, permit, or license if TABC determines the level of regulatory activities associated with a certificate, permit, or license varies; and

(2) ensure that TABC does not overly penalize any segment of the alcoholic beverage industry or impose an undue hardship on small businesses, rather than prohibiting TABC, in assessing a surcharge, from overly penalizing any segment of the alcoholic beverage industry or imposing an undue hardship on small businesses.

(b-2) Requires TABC to periodically review the amount of each fee collected under this code and adjust the amount of each fee to ensure that TABC's regulatory costs are fairly allocated among all certificate, permit, and license holders.

(c) Provides that, insofar as they relate to the levying and collection of a local fee, Sections 11.38 (Local Fee Authorized) and 61.36 (Local Fee Authorized), rather than Sections 11.38 and 61.36 of this code, do not apply to fees set by rule of TABC.

(d) Requires revenues, rather than revenues and surcharges, from fees collected by TABC under this section (Establishment of Certain Fees) to be deposited in the general revenue fund.

SECTION 16. Amends Section 5.51, Alcoholic Beverage Code, as follows:

Sec. 5.51. BOOKKEEPING RECORDS. Authorizes a permittee who holds a permit issued under Chapter 28 (Mixed Beverage Permit), 30 (Daily Temporary Mixed

Beverage Permit), or 32 (Private Club Registration Permit), rather than Chapters 30, or 32 through 33 (Other Private Club Permits) of this code, to elect to keep all records required under this code on a machine bookkeeping system.

SECTION 17. Amends Section 5.56(b), Alcoholic Beverage Code, effective September 1, 2019, to authorize TABC in accordance with this subsection to recover the amount transferred under Subsection (a) by imposing a surcharge on licenses and permits issued or renewed by TABC each fiscal year, rather than by imposing a surcharge on licenses and permits, other than an agent's permit or an agent's beer license, issued or renewed by TABC each fiscal year.

SECTION 18. Amends Section 5.57(c), Alcoholic Beverage Code, as follows:

(c) Requires TABC to make a reasonable attempt to meet with alcoholic beverage industry representatives from:

(1) makes no changes to this subdivision; and

(2) the liquor, malt beverage, and wine segments of the industry, rather than the liquor, beer, and wine segments of the industry.

SECTION 19. Amends Subchapter B, Chapter 5, Alcoholic Beverage Code, by adding Section 5.581, effective September 1, 2019, as follows:

Sec. 5.581. DISCLOSURE OF PERSONNEL RECORDS OF COMMISSIONED PEACE OFFICERS. (a) Defines "personnel record" for purposes of this section.

(b) Prohibits the personnel records of a commissioned peace officer of TABC, except as provided by Subsection (c), from being disclosed under Chapter 552 (Public Information), Government Code, or otherwise made available to the public while there is a pending internal investigation for alleged employee misconduct.

(c) Authorizes TABC to release any personnel record of a commissioned peace officer:

(1) pursuant to a subpoena or court order, including a discovery order;

(2) for use by TABC in an administrative hearing; or

(3) with the written authorization of the officer who is the subject of the record, as long as release of the information does not interfere with the investigation of alleged misconduct by the commissioned peace officer.

(d) Provides that a release of information under Subsection (c) does not waive the right to assert in the future that the information is excepted from required disclosure under this section or other law.

SECTION 20. Amends Sections 6.03(g) and (k), Alcoholic Beverage Code, as follows:

(g) Provides that the legislature also finds it reasonable, desirable, and in the best interests of the state to provide a one-year residency requirement for businesses engaged in the wholesale distribution of malt beverages or wine, rather than in the wholesale distribution of beer, malt liquor, or wine, or in the manufacture and distribution of distilled spirits and fortified wines at both the wholesale and the retail levels where those beverages, in unopened containers, are sold to mixed beverage permittees and private club registration permittees as well as to the general public.

(k) Provides that a requirement under this code that 51 percent or more of the stock of a corporation be owned by a person or persons who were citizens of this state for a one-year period preceding the date of the filing of an application for a license or permit

does not apply to a corporation organized under the laws of this state that applies for a license or permit under Chapters 25, 26, 28, 30, 32, 48, 50, 69, 71, and 74, rather than Chapters 25–34, Chapter 44, Chapters 48–51, Chapters 69–72, or Chapter 74 of this code if the applicant meets certain requirements. Makes a nonsubstantive change.

SECTION 21. Amends Section 11.015, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 11.015. HEARING LOCATION. Authorizes a hearing related to the issuance, renewal, cancellation, or suspension of a permit under this subtitle (Permits), notwithstanding any other provision of this code, rather than notwithstanding any other provision of this code, except for a hearing required to be conducted by a county judge, to be conducted in a certain location.

SECTION 22. Amends Sections 11.09(a) and (b), Alcoholic Beverage Code, as follows:

(a) Deletes existing text requiring TABC, notwithstanding Section 5.50(b), to double the amount of fees and surcharges otherwise applicable under this code for a permit with a two-year term. Makes no further changes.

(b) Provides that a secondary permit which requires the holder of the permit to first obtain another permit, including a retailer late hours certificate, rather than including a retailer late hours permit or temporary permit, expires on the same date the basic or primary permit expires.

SECTION 23. Amends Section 11.13(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 24. Amends Section 11.31, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 11.31. APPLICATION FOR PERMIT. Deletes existing text providing that this section does not apply to wine and beer retailer's permits, except those for railway cars or excursion boats, or to wine and beer retailer's off-premise permits.

SECTION 25. Amends Section 11.321(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 26. Amends Section 11.34, Alcoholic Beverage Code, as follows:

Sec. 11.34. CONSOLIDATED APPLICATION. (a) Authorizes an applicant for a wholesaler's, class B wholesaler's, distiller's and rectifier's, or winery permit, to consolidate in a single application the application for that permit and an application for any other permit the applicant is qualified to receive. Deletes existing Subdivisions (1)–(4) and text relating to the consolidation of certain applications with an application for private storage, storage in a public bonded warehouse, or a private carrier's permit.

(b) Requires an applicant who files a consolidated application to pay the fee required by TABC rule, rather than the fee prescribed in this code, for each permit included in the application.

SECTION 27. Amends Sections 11.37(a) and (b), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Requires the county clerk to issue the certification not later than the 30th day after the date the county clerk receives the application for certification.

(b) Requires the city secretary or clerk of the city to issue the certification not later than the 30th day after the date the city secretary or clerk of the city receives the application for certification.

SECTION 28. Amends Section 11.38(d), Alcoholic Beverage Code, as follows:

(d) Provides that the following are exempt from the fee authorized in this section:

(1) passenger transportation, private club registration, and local cartage permits, rather than agent's, airline beverage, passenger train beverage, passenger bus beverage, industrial, carrier's, private carrier's, private club registration, local cartage, storage, and temporary wine and beer retailer's permits; and

(2) creates this subdivision from existing text.

Deletes existing Subdivisions (2) and (3) and text relating to certain exemptions from the authorized fee.

SECTION 29. Amends Section 11.38(e), Alcoholic Beverage Code, effective December 31, 2020, to authorize TABC or the administrator to cancel or TABC to deny a permit for the retail sale or service of alcoholic beverages, including a permit held by the holder of a food and beverage certificate, if it finds that the permit holder or applicant has not paid delinquent ad valorem taxes due on that permitted premises or due from a business operated on that premises to any taxing authority in the county of the premises.

SECTION 30. Amends Sections 11.39(a) and (d), Alcoholic Beverage Code to require every applicant for a distiller's and rectifier's, mixed beverage, private club registration, winery, wholesaler's, class B wholesaler's, or package store permit, rather than for a brewer's, distiller's and rectifier's, mixed beverage, private club registration, winery, wholesaler's, class B wholesaler's, wine bottler's, or package store permit, to give notice of the application by publication at the applicant's own expense in two consecutive issues of a newspaper of general circulation published in the city or town in which the applicant's place of business is located. Makes nonsubstantive changes.

SECTION 31. Amends Section 11.391(c), Alcoholic Beverage Code, to provide that this section does not apply to an applicant for a permit issued under Chapter 16 (Winery Permit), 19 (Wholesaler's Permit), 20 (General Class B Wholesaler's Permit), 22 (Package Store Permit), 23 (Local Distributor's Permit), or 24 (Wine Only Package Store Permit), rather than 16, 19, 20, 21, 22, 23, 24, or 52 (Package Store Tasting Permit).

SECTION 32. Amends Section 11.392(a), Alcoholic Beverage Code, to require TABC to give notice of an application for a permit or renewal of a permit issued under Chapter 32 (Private Club Registration Permit), an application for a permit issued under Section 30.09, or an application for a certificate or renewal of a certificate issued to the holder of a private club registration permit under Chapter 29 (Mixed Beverage Late Hours Permit), rather than Chapter 29 or 33 to certain officials.

SECTION 33. (a) Amends Subchapter B, Chapter 11, Alcoholic Beverage Code, effective December 31, 2020, by amending Section 11.43 and adding Sections 11.431 and 11.432, as follows:

Sec. 11.43. New heading: APPLICATION REVIEW PROCESS. (a) Provides that TABC has discretionary authority to issue an original or renewal permit or deny an application for an original or renewal permit under the provisions of this subchapter (Application For and Issuance of Permits) or any other applicable provision of this code, rather than providing that TABC and the administrator have discretionary authority to grant or refuse to issue an original or renewal permit under the provisions of this subchapter or any other applicable provision of this code.

(b) Requires the administrator, on receipt of an application for a permit under this code, to evaluate the application. Requires the administrator, if a protest against the application has been filed, to first evaluate the protest.

(c) Requires the administrator, if the administrator determines that no reasonable grounds exist for the protest, or if no protest has been filed, to evaluate the permit application.

(d) Requires the administrator, if after evaluating the permit application under Subsection (c) the administrator finds that all facts stated in the application are true and no legal ground to deny the application exists, to issue a permit if TABC has delegated authority to issue permits to the administrator. Requires the administrator, if TABC has not delegated authority to issue permits to the administrator, to recommend to TABC that the application be approved and TABC is authorized to issue the permit. Requires the administrator, if TABC does not issue the permit, to refer the application for a hearing as provided by Subsection (h).

(e) Requires the administrator, if after the evaluation of a permit application the administrator finds a legal ground to deny the permit application, to recommend to TABC that the application be denied. Authorizes the applicant, if the administrator recommends denial of the application, to request a hearing as provided by Subsection (h).

(f) Requires the administrator, if the administrator finds that reasonable grounds exist for the protest, to evaluate the application in light of the protest. Requires the administrator, if, but for the protest, the administrator would approve the application, to refer the protested application for a hearing. Authorizes SOAH, in a hearing on a protested application, to request any information from TABC the office determines relevant.

(g) Requires the administrator, if after evaluating the application with the protest the administrator finds a legal ground to deny the permit application, to recommend to TABC that the application be denied. Authorizes the applicant, if the administrator recommends denial of the application, to request a hearing as provided by Subsection (h).

(h) Requires a hearing under this section to be conducted by SOAH in a location authorized by Section 11.015 (Hearing Location). Provides that Chapter 2001, Government Code, applies to a hearing under this section. Requires the administrative law judge, after a hearing, to make findings of fact and conclusions of law and promptly issue to TABC a proposal for a decision on the application. Requires TABC, based on the findings of fact, conclusions of law, and proposal for a decision, to issue a final decision denying the application or issuing the permit.

(i) Authorizes the applicant, if TABC denies a permit application, to, after exhausting all administrative remedies, appeal TABC's decision to a Travis County district court.

(j) Requires TABC to adopt rules to implement the application review and protest process including reasonable timelines, identifying the roles and responsibilities of all parties involved in the process and identifying potential avenues for mediation or informal dispute resolution.

Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) Deletes existing text and creates this section from remaining existing text. Authorizes a member of the public to protest an application for:

(1) an original mixed beverage permit, private club registration permit, or wine and malt beverage retailer's permit if a sexually oriented business is to be operated on the premises to be covered by the permit;

(2) any renewal of a mixed beverage permit, private club registration permit, or wine and beer retailer's permit if a sexually oriented business is to be operated on the premises to be covered by the permit and a petition is presented to TABC requesting a hearing which is signed by 50 percent of the residents who reside within 300 feet of any property line of the affected premises, rather than requiring a hearing to be held on any renewal application of a mixed beverage permit, private club registration permit, wine and beer retailer's permit, or retail dealer's on-premise license if a sexually oriented business is to be operated on the premises to be covered by the permit or license and a petition is presented to TABC requesting a hearing which is signed by 50 percent of the residents who reside within 300 feet of any property line of the affected premises;

(3) a private club registration permit or a permit authorizing the retail sale of alcoholic beverages for on-premises consumption if the person resides within 300 feet of any property line of the premises for which the permit is sought; and

(4) a mixed beverage permit or a wine and beer retailer's permit in a municipality with a population of 1,500,000 or more if:

(A) any point of the property line of the premise is less than 300 feet from the nearest point on a property line of a residence, church, school, hospital, day-care facility, or social service facility, as measured in a straight line; and

(B) 75 percent or more of the permittee's actual or anticipated gross revenue is from the sale of alcoholic beverages.

(b) Authorizes TABC, in addition to the situations described by Subsection (a), by rule to authorize a member of the public to protest other permit applications TABC considers appropriate.

(c) Redesignates existing Subsection (d) as Subsection (c). Requires a protest made under this section, rather than a request for a hearing made under Subsection (b) or (c) of this section, to include an allegation of grounds on which the original or renewal application, as applicable, should be denied.

Sec. 11.432. PROTEST BY GOVERNMENT OFFICIAL. (a) Authorizes the following persons to protest an application for an alcoholic beverage permit:

(1) a state senator, state representative, county commissioner, or city council member who represents the area in which the premises sought to be permitted are located;

(2) the commissioners court of the county in which the premises sought to be permitted are located;

(3) the county judge of the county in which the premises sought to be permitted are located;

(4) the sheriff or county or district attorney of the county in which the premises sought to be permitted are located;

(5) the mayor of the city or town in which the premises sought to be permitted are located; and

(6) the chief of police, city marshal, or city attorney of the city or town in which the premises sought to be permitted are located.

(b) Authorizes TABC to give due consideration to the recommendations of a person listed under Subsection (a) when evaluating an application for a permit under this code.

(b) Amends Subchapter B, Chapter 11, Alcoholic Beverage Code, effective September 1, 2021, by amending Section 11.43 and adding Section 11.431, as follows:

Sec. 11.43. New heading: APPLICATION REVIEW PROCESS. (a) Provides that TABC has discretionary authority to issue an original or renewal permit or deny an application for an original or renewal permit under the provisions of this subchapter (General Provisions) or any other applicable provision of this code, rather than providing that TABC and administration have discretionary authority to grant or refuse to issue an original permit under the provisions of this subchapter or any other applicable provisions of this code.

(b) Requires the administrator, on receipt of an application for a permit under this code, to evaluate the application. Requires the administrator, if a protest against the application has been filed, to first evaluate the protest.

(c) Requires the administrator, if the administrator determines that no reasonable grounds exist for the protest, or if no protest has been filed, to evaluate the permit application.

(d) Requires the administrator, if after evaluating the permit application under Subsection (c) the administrator finds that all facts stated in the application are true and no legal ground to deny the application exists, to issue a permit if TABC has delegated authority to issue permits to the administrator. Requires the administrator, if TABC has not delegated authority to issue permits to the administrator, to recommend to TABC that the application be approved and TABC is authorized to issue the permit. Requires the administrator, if TABC does not issue the permit, to refer the application for a hearing as provided by Subsection (h).

(e) Requires the administrator, if after the evaluation of a permit application the administrator finds a legal ground to deny the permit application, to recommend to TABC that the application be denied. Authorizes the applicant, if the administrator recommends denial of the application, to request a hearing as provided by Subsection (h).

(f) Requires the administrator, if the administrator finds that reasonable grounds exist for the protest, to evaluate the application in light of the protest. Requires the administrator, if, but for the protest, the administrator would approve the application, to refer the protested application for a hearing. Authorizes SOAH, in a hearing on a protested application, to request any information from TABC the office determines relevant.

(g) Requires the administrator, if after evaluating the application with the protest the administrator finds a legal ground to deny the permit application, to recommend to TABC that the application be denied. Authorizes the applicant, if the administrator recommends denial of the application, to request a hearing as provided by Subsection (h).

(h) Requires a hearing under this section to be conducted by SOAH in a location authorized by Section 11.015. Provides that Chapter 2001,

Government Code, applies to a hearing under this section. Requires the administrative law judge, after a hearing, to make findings of fact and conclusions of law and promptly issue to TABC a proposal for a decision on the application. Requires TABC, based on the findings of fact, conclusions of law, and proposal for a decision, to issue a final decision denying the application or issuing the permit.

(i) Authorizes the applicant, if TABC denies a permit application, to, after exhausting all administrative remedies, appeal TABC's decision to a Travis County district court.

(j) Requires TABC to adopt rules to implement the application review and protest process including reasonable timelines, identifying the roles and responsibilities of all parties involved in the process and identifying potential avenues for mediation or informal dispute resolution.

Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) Authorizes a member of the public to protest an application for:

(1) Authorizes a member of the public to protest an application for an original mixed beverage permit, private club registration permit, or wine and malt beverage retailer's permit if a sexually oriented business is to be operated on the premises to be covered by the permit, rather than an original mixed beverage permit, private club registration permit, or wine and beer retailer's permit, or retail dealer's on-premise license if a sexually oriented business is to be operated on the premises to be covered by the permit. Deletes existing text requiring TABC or the administrator, notwithstanding any other provision of this code that authorizes the TABC or the administrator to refuse to issue a permit without a hearing, to hold a hearing before granting or refusing to issue an original mixed beverage permit, private club registration permit, or wine and malt beverage retailer's permit if a sexually oriented business is to be operated on the premises to be covered by the permit.

(2) any renewal of a mixed beverage permit, private club registration permit, or wine and malt beverage retailer's permit if a sexually oriented business is to be operated on the premises to be covered by the permit and a petition is presented to TABC requesting a hearing which is signed by 50 percent of the residents who reside within 300 feet of any property line of the affected premises. Deletes existing text requiring a hearing to be held on any renewal application of a mixed beverage permit, private club registration permit, or wine and beer retailer's permit, or retail dealer's on-premise license if a sexually oriented business is to be operated on the premises to be covered by the permit or license and a petition is presented to TABC requesting a hearing which is signed by 50 percent of the residents who reside within 300 feet of any property line of the affected premises;

(3) a private club registration permit or a permit authorizing the retail sale of alcoholic beverages for on-premises consumption if the person resides within 300 feet of any property line of the premises for which the permit is sought; and

(4) a mixed beverage permit or a wine and malt beverage retailer's permit in a municipality with a population of 1,500,000 or more if:

(A) any point of the property line of the premise is less than 300 feet from the nearest point on a property line of a

residence, church, school, hospital, day-care facility, or social service facility, as measured in a straight line; and

(B) 75 percent or more of the permittee's actual or anticipated gross revenue is from the sale of alcoholic beverages.

(b) Requires TABC, in addition to the situations described by Subsection (a), by rule to authorize a member of the public to protest other permit applications TABC considers appropriate.

(c) Redesignates existing Subsection (d) as Subsection (c). Requires a protest made under this section to include an allegation of grounds on which the original or renewal application, as applicable, should be denied, rather than requiring request for a hearing made under Subsection (b) or (c) of this section to include an allegation of grounds on which the original or renewal application, as applicable, should be denied.

SECTION 34. Amends Section 11.44(b), Alcoholic Beverage Code, effective December 31, 2020, to require TABC to deny an application for a permit or license for any location of an applicant who submitted a prior application that expired or was voluntarily surrendered before the hearing on the application was held on a protest involving allegations of prostitution, a shooting, stabbing, or other violent act, or an offense involving drugs or trafficking of persons before the third anniversary of the date the prior application expired or was voluntarily surrendered, rather than to requiring TABC or the administrator to refuse to issue for a period of three years a permit or license for any location to an applicant who submitted a prior application that expired or was voluntarily surrendered before the hearing on the application was held on a protest involving allegations of prostitution, a shooting, stabbing, or other violent act, or an offense involving drugs or trafficking of persons. Deletes existing text providing that the three-year period commences on the date the prior application expired or was voluntarily surrendered.

SECTION 35. (a) Amends Section 11.46(a), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Authorizes TABC or the administrator to refuse to issue an original or renewal permit with or without a hearing if it has reasonable grounds to believe and finds that any of the following circumstances exists:

(1) makes a nonsubstantive change to this subdivision;

(2) makes no changes to this subdivision;

(3) makes a nonsubstantive change to this subdivision;

(4)–(5) makes no changes to these subdivisions;

(6) makes a nonsubstantive change to this subdivision;

(7) makes no changes to this subdivision;

(8) the place or manner in which the applicant may conduct the applicant's business warrants the denial, rather than refusal, of the application for a permit based on the general welfare, health, peace, morals, and safety of the people and on the public sense of decency;

(9) the applicant has developed an incapacity that prevents or could prevent the applicant from conducting the applicant's business with reasonable skill, competence, and safety to the public, rather than the

applicant is in the habit of using alcoholic beverages to excess or is physically or mentally incapacitated;

(10) makes no changes to this subdivision;

(11) makes nonsubstantive changes to this subdivision;

(12) makes no changes to this subdivision;

(13)–(14) makes nonsubstantive changes to these subdivision; or

(15) makes no changes to this subdivision.

(b) Amends Section 11.46, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 11.46. New heading: GENERAL GROUNDS FOR DENIAL. (a) Authorizes TABC to deny an application for an original or renewal permit if it has reasonable grounds to believe and finds that any of the following circumstances exists, rather than authorizing TABC or the administrator to refuse to issue an original or renewal permit with or without a hearing if it has reasonable grounds to believe and finds that any of the following circumstances exists:

(1) makes nonsubstantive changes to these subdivision;

(2) makes no changes to this subdivision;

(3) makes nonsubstantive changes to this subdivision;

(4)–(5) makes no changes to these subdivisions;

(6) makes nonsubstantive changes to this subdivision;

(7) makes no changes to this subdivision;

(8) makes conforming and nonsubstantive changes to this subdivision;

(9) the applicant has developed an incapacity that prevents or could prevent the applicant from conducting the applicant's business with reasonable skill, competence, and safety to the public, rather than the applicant is in the habit of using alcoholic beverages to excess or is physically or mentally incapacitated;

(10) makes no changes to this subdivision;

(11) makes nonsubstantive changes to this subdivision;

(12) makes no changes to this subdivision;

(13)–(14) makes nonsubstantive changes to these subdivisions;

(15) makes no changes to this subdivision.

(b) Requires TABC, rather than TABC or the administrator, to deny an application for an original permit, rather than refuse to issue an application for an original permit authorizing the retail sale of alcoholic beverages unless the applicant for the permit files with the application a certificate issued by the comptroller of public accounts of the State of Texas stating that the applicant holds, or has applied for and satisfies all legal

requirements for the issuance of, a sales tax permit, if required, for the place of business for which the alcoholic beverage permit is sought.

(c)-(d) Makes conforming changes to these subsections.

SECTION 36. (a) Amends Section 11.47, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 11.47. New heading: DENIAL OF PERMIT: INTEREST IN BEER ESTABLISHMENT. Authorizes TABC to deny an application for an original or renewal permit if it has reasonable grounds to believe and finds that the applicant or a person with whom the applicant is residentially domiciled has a financial interest in a permit or license authorizing the sale of beer at retail, except as is authorized by Section 22.06 (Prohibited Interests), 24.05 (Prohibited Interests), or 102.05 (Hotel: Multiple Interests Authorized), rather than authorizing TABC or the administrator to refuse to issue an original or renewal permit with or without a hearing if it has reasonable grounds to believe and finds that the applicant or a person with whom he is residentially domiciled has a financial interest in a permit or license authorizing the sale of beer at retail, except as is authorized by Section 22.06, 24.05, or 102.05 of this code. Provides that this section does not apply to an applicant for a permit which authorizes the sale of mixed beverages. Makes nonsubstantive changes.

(b) Amends Section 11.47, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and to replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 37. Amends Section 11.48, Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

SECTION 38. Amends Section 11.481(b), Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

SECTION 39. Amends Section 11.481(c), Alcoholic Beverage Code, to provide that this section does not apply to the issuance of an original or renewal permit authorizing on-premises consumption for a location that also holds a food and beverage certificate but does not hold a retailer late hours certificate, rather than does not hold a late hours permit.

SECTION 40. (a) Amends Section 11.49, Alcoholic Beverage Code, effective December 31, 2020, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Redesignates Subdivision (1) as Subsection (b). Authorizes an applicant for a permit or license, subject to the approval of TABC and except as provided in Subsection (c) (relating to prohibiting an applicant for an original or renewal package store permit, wine only package store permit, local distributor's permit, or any type of wholesaler's permit from taking advantage of the right conferred by Subsection (b)), rather than authorizing an application for a permit or license, subject to the approval of TABC or the administrator, and except as provided in Subsection (c) of this section, to designate a portion of the grounds, buildings, vehicles, and appurtenances to be excluded from the licensed premises.

(b-1) Redesignates Subdivision (2) as Subsection (b-1). Provides that if a designation under Subsection (b) has been made and approved as to the holder of a license or permit authorizing the sale of alcoholic beverages at retail or as to a private club registration permit, rather than if such a designation has been made and approved as to the holder of a license or permit authorizing the sale of alcoholic beverages at retail or as to a private club registration permit, the sharing of space, employees, business facilities, and services with another business entity (including the permittee's lessor, which, if a corporation, may be a domestic or foreign corporation, but excluding a business entity holding any type of winery

permit, a manufacturer's license, or a general, or branch distributor's license, rather than including the permittee's lessor, which, if a corporation, may be a domestic or foreign corporation, but excluding a business entity holding any type of winery permit, a manufacturer's license, or a general, local, or branch distributor's license. rather than a general or branch distributor's license), does not constitute a subterfuge or surrender of exclusive control in violation of Section 109.53 (Citizenship of Permittee; Control of Premises; Subterfuge Ownership; Etc.) or the use or display of the license for the benefit of another in violation of Section 61.71(a)(14) (relating to authorizing TABC or the administrator to suspend or cancel an original or renewal retail dealer's on- or off-premise license if it is found that the licensee permitted the use or display of the licensee's license in the conduct of a business for the benefit of a person not authorized by law to have an interest in the license). Provides that this subsection and Subsection (b) do not apply to original or renewal package store permits, wine only package store permits, local distributor's permits, or any type of wholesaler's permit, rather than prohibiting this subsection from applying to original or renewal package store permits, wine only package store permits, local distributor's permits, or any type of wholesaler's permits.

(b) Amends Section 11.49, Alcoholic Beverage Code, effective September 1, 2021, by amending Subsection (b) and adding Subsection (b-1) to make conforming changes.

SECTION 41. Amends Sections 11.49(d) and (e), Alcoholic Beverage Code, effective September 1, 2021, to make conforming and nonsubstantive changes.

SECTION 42. Amends Sections 11.492(a) and (b), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 43. (a) Amends Section 11.52, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 11.52. RESTRICTIONS ON LOCATION IN CERTAIN MUNICIPALITIES. (a) Requires an applicant for an original or renewal mixed beverage permit or wine and beer retailer's permit, in a municipality with a population of 1,500,000 or more, to provide the notice required by Subsection (b) if, rather than requiring TABC or county judge, as applicable, in a municipality with a population of 1,500,000 or more, on the assertion by any person of any justiciable grounds for a suspension, denial, cancellation, or refusal of a mixed beverage permit or a wine and beer retailer's permit, to hold a hearing if:

(1) makes no changes to this subdivision; and

(2) 75 percent or more of the permittee's actual or anticipated gross revenue is from the sale of alcoholic beverages, rather than 75 percent or more of the permittee's or licensee's actual or anticipated gross revenue is from the sale of alcoholic beverages.

(b) Requires an applicant for an original or renewal permit to give notice to all tenants or property owners affected in the area described by Subsection (a) that an application has been made within five days after the application is first filed for an original application and at least 30 days prior to the expiration date of a permit in the case of a renewal application. Makes a nonsubstantive change.

(b) Amends Section 11.52(a), Alcoholic Beverage Code, effective September 1, 2021, as follows:

(a) Requires an applicant for an original or renewal mixed beverage permit or wine and malt beverage retailer's permit to, in a municipality with a population of 1,500,000 or more, provide the notice required by Subsection (b), rather than

requiring TABC or county judge, as applicable, in a municipality with a population of 1,500,000 or more, on the assertion by any person of any justiciable grounds for a suspension, denial, cancellation, or refusal of a mixed beverage permit or a wine and beer retailer's permit, to hold a hearing, if:

(1) makes no changes to this subdivision; and

(2) 75 percent or more of the permittee's, rather than the permittee's or licensee's, actual or anticipated gross revenue is from the sale of alcoholic beverages.

SECTION 44. (a) Amends Section 11.61(b), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(b) Authorizes TABC or the administrator to suspend for not more than 60 days or cancel an original or renewal permit if it is found, after notice and hearing, that any of the following is true:

(1)–(3) makes no changes to these subdivisions;

(4) makes a nonsubstantive change to this subdivision;

(5) makes no change to this subdivision;

(6)–(7) makes nonsubstantive changes to these subdivisions;

(8)–(9) makes no change to these subdivisions;

(10) the permittee is insolvent or has developed an incapacity that prevents or could prevent the permittee from carrying on the management of the permittee's establishment with reasonable skill, competence, and safety to the public, rather than the permittee is insolvent or mentally or physically unable to carry on the management of his establishment;

(11) makes no change to this subdivision;

(12) makes a nonsubstantive change to this subdivision;

(13)–(14) makes no changes to these subdivisions;

(15)–(19) makes nonsubstantive changes to these subdivisions; or

(20)–(23) makes no changes to these subdivisions.

(b) Amends Section 11.61(b), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer with references to malt beverages.

SECTION 45. Amends Sections 11.61(b-1), (d), and (j), Alcoholic Beverage Code, to make conforming changes.

SECTION 46. (a) Amends Section 11.612(a), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(a) Authorizes TABC or the administrator to cancel an original or a renewal permit issued under Chapter 32 or 33 and authorizes TABC to deny an application for, rather than to refuse to issue, any new alcoholic beverage permit for the same premises for one year after the date of cancellation if certain conditions are met.

(b) Amends Section 11.612(a), Alcoholic Beverage Code, effective September 1, 2021, as follows:

(a) Authorizes TABC or the administrator to cancel an original or a renewal certificate issued under Chapter 29 to the holder of a private club registration permit or a permit issued under Chapter 32 and TABC to deny an application for any new alcoholic beverage permit for the same premises for one year after the date of cancellation, rather than authorizes TABC or the administrator to cancel an original or a renewal permit issued under Chapter 32 or 33 (Other Private Club Permits) and to refuse to issue any new alcoholic beverage permit for the same premises for one year after the date of cancellation if certain conditions are met.

SECTION 47. Amends Section 11.613, Alcoholic Beverage Code, as follows:

Sec. 11.613. SUMMARY SUSPENSION OF PRIVATE CLUB PERMIT. Authorizes TABC or the administrator without a hearing to for investigative purposes summarily suspend a certificate, rather than a permit, issued under Chapter 29 to the holder of a private club registration permit or a permit issued under Chapter 32, rather than under Chapter 32 or 33, for not more than seven days if TABC or the administrator finds that a shooting, stabbing, or murder has occurred on the licensed premises that is likely to result in a subsequent act of violence.

SECTION 48. Amends Subchapter C, Chapter 11, Alcoholic Beverage Code, effective September 1, 2019, by adding Sections 11.614 and 11.615, as follows:

Sec. 11.614. ORDER SUSPENDING PERMIT OR LICENSE. (a) Authorizes TABC or the administrator, if TABC or the administrator determines that the continued operation of a permitted or licensed business would constitute a continuing threat to the public welfare, to issue an emergency order, without a hearing, suspending the permit or license for not more than 90 days.

(b) Requires an order suspending a permit or license under this section to state the length of the suspension in the order.

(c) Requires TABC or the administrator, if an emergency order is issued under this section without a hearing, to set the time and place for a hearing to be conducted not later than the 10th day after the date the order was issued by SOAH to affirm, modify, or set aside the emergency order. Requires the order to be affirmed to the extent that reasonable cause existed to issue the order.

(d) Authorizes TABC by rule to prescribe procedures for the determination and appeal of an emergency order issued under this section, including a rule allowing TABC to affirm, modify, or set aside a decision made by SOAH under Subsection (c).

(e) Provides that a proceeding under this section is a contested case under Chapter 2001, Government Code.

Sec. 11.615. DISCIPLINARY ACTION FOR VIOLATION OF ORDER. Authorizes TABC to deny an application for an original or renewal permit or license or take other disciplinary action against a permit or license holder who violates an order of TABC or the administrator.

SECTION 49. Amends Section 11.63, Alcoholic Beverage Code, effective December 31, 2020, to make a conforming change.

SECTION 50. Amends Sections 11.641(a) and (b), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Requires TABC or the administrator, in determining the amount of the civil penalty under Section 11.64, to consider if TABC or the administrator determines the permittee or licensee has previously violated this code, whether the permittee or licensee profited from the violation, and if so the amount of the permittee's or licensee's profit and other criteria.

(b) Creates an exception under Subsection (a) to the prohibition on the amount of the civil penalty being based on certain conditions.

SECTION 51. Amends the heading to Section 11.67, Alcoholic Beverage Code, effective December 31, 2020, to read as follows:

Sec. 11.67. APPEAL FROM CANCELLATION, SUSPENSION, OR DENIAL OF LICENSE OR PERMIT.

SECTION 52. Amends Sections 11.67(a), (c), and (d), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(a) Authorizes an appeal from an order of TABC or the administrator cancelling or suspending a permit or license to be taken to the district court of the county in which the licensee or permittee resides or in which the owner of involved real or personal property resides, rather than refusing, cancelling, or suspending a permit or license to be taken to the district court of the county in which the applicant, licensee, or permittee resides or in which the owner of involved real or personal property resides.

(c) Entitles a local official on record as protesting the issuance or renewal of a permit or license to notice of the appeal, rather than entitling a local official on record as protesting the issuance or renewal of a permit or license at a hearing provided by this code, to notice of the appeal. Makes conforming changes.

(d) Makes conforming changes to this subsection.

SECTION 53. Amends Section 11.72, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 11.72. New heading: DISCIPLINE FOR ACTIONS OF AGENT; RECORDS RETENTION. (a) Authorizes TABC or the administrator to suspend or revoke the permit of a person who is represented by an agent under Section 15.01 (Authorized Activities), 35.01 (Authorized Activities), or 36.01, rather than by the holder of an agent's permit under Section 15.01, 35.01, or 36.01, or otherwise discipline the person based on an act or omission of the person's agent, rather than omission of the holder of the agent's permit, only if an individual employed by the person in a supervisory position:

(1) makes a conforming change to this subdivision; and

(2)–(3) makes no changes to these subdivisions.

(b) Requires the holder of a permit who is represented by an agent to maintain records relating to the agent's activities, including any representation agreement, employment records, or similar documents, for not less than four years from the date the record is created.

SECTION 54. Amends Section 11.73, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 11.73. AFFIRMATION OF COMPLIANCE. Prohibits a person who holds a permit under Chapter 19 (Wholesaler's Permit), 20 (General Class B Wholesaler's Permit), or 23 (Local Distributor's Permit), rather than Chapter 19, 20, 21 (Local Class B Wholesaler's Permit), or 23, from being subject to an administrative sanction for selling or delivering an alcoholic beverage to a retailer not authorized to purchase and receive the alcoholic

beverage if the permit holder believes or confirms certain information with a retailer purchasing alcoholic beverages.

SECTION 55. Amends Section 12.052, Alcoholic Beverage Code, effective September 1, 2019, by amending Subsections (a), (c), and (e) and adding Subsections (a-1), (e-1), and (g), as follows:

(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 wholly or partly owned, directly or indirectly, by the permit holder or an affiliate or subsidiary of the permit holder, does not exceed a total of 225,000 barrels, in addition to the activities authorized by Section 12.01 (Authorized Activities), 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 a consumer on the brewer's premises for off-premises consumption are limited to 576 fluid ounces of beer and ale combined per calendar day.

(c) Authorizes the holder of a brewer's permit, subject to Subsections (b) (relating to providing that the total combined sales of ale to ultimate consumers, together with the sales of beer to ultimate consumers by the holder of a manufacturer's license at the same premises, may not exceed 5,000 barrels annually), (d) (relating to prohibiting a permit holder from selling to a permit or license holder whose annual production exceeds the limit prescribed an ownership interest of a certain amount), and (e) (relating to providing that a holder of a brewer's permit who sells 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 under certain conditions), 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 or for off-premises consumption, rather than on the brewer's premises, even if the annual production limit prescribed by Subsection (a) is exceeded if the permit holder meets certain permitted manufacturing conditions.

(e) Makes a conforming change to this subsection.

(e-1) Provides that TABC:

(1) is authorized to require the holder of a brewer's permit who sells ale to ultimate consumers under this section to report to TABC each month, in the manner prescribed by TABC, the total amounts of ale sold by the permit holder under this section during the preceding month for:

(A) responsible consumption on the brewer's premises; and

(B) off-premises consumption;

(2) by rule is required to adopt a simple form for a report required under Subdivision (1); and

(3) is required to maintain reports received under this subsection for public review.

(g) Authorizes the holder of a brewer's permit whose annual production exceeds the limit prescribed by Subsection (a) and who was legally operating a facility with on-premise sales under Subsection (a) or Section 62.122(a) (relating to authorizing 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 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) on February 1, 2017, notwithstanding any other provision of this code, to establish not more than two additional facilities with on-premise sales under Subsection (a) or Section 62.122(a) if each premises:

(1) does not produce more than a total of 225,000 barrels of beer and ale combined; and

(2) complies with the requirements of:

(A) Subsections (b) and (e); and

(B) Sections 62.122(b) (relating to prohibiting the total combined sales of certain beer to ultimate consumers, together with the sales of ale to ultimate consumers by the holder of a certain brewer's permit at the same premises, from exceeding 5,000 barrels annually) and (e) (relating to providing that a holder of a certain manufacturer's license who sells beer produced on the manufacturer's premises to ultimate consumers for responsible is required to comply with certain requirements).

SECTION 56. Amends Section 14.01(a), Alcoholic Beverage Code, effective September 1, 2019, to authorize the holder of a distiller's and rectifier's permit to perform certain actions, including sell bulk alcohol produced by the permit holder for purposes described by Section 38.01 (Authorized Activities), rather than sell bulk alcohol produced by the permit holder to holders of industrial permits in this state.

SECTION 57. Amends Section 14.06, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 14.06. REPORT OF CERTAIN SALES. Requires a holder of a distiller's and rectifier's permit who sells distilled spirits, rather than a holder of a distiller's and rectifier's permit who sells distilled spirits to holders of an industrial permit, under Section 14.01(a)(8) (relating to authorizing the holder of a distiller's and rectifier's permit to sell bulk alcohol produced by the permit holder to holders of industrial permits in this state), to keep records of those sales in a manner prescribed by TABC or the administrator.

SECTION 58. Amends Chapter 14, Alcoholic Beverage Code, by adding Section 14.07, as follows:

Sec. 14.07. TRANSPORTING LIQUOR. (a) Authorizes the holder of a distiller's and rectifier's permit to transport liquor, if the transportation is for a lawful purpose, from:

(1) the place of purchase to the holder's place of business; and

(2) the place of sale or distribution to the purchaser.

(b) Authorizes the holder of a distiller's and rectifier's permit to transport liquor from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

(c) Requires the holder of a distiller's and rectifier's permit transporting liquor under this section to provide to TABC:

(1) a full description of each motor vehicle used by the permit holder for transporting liquor; and

(2) any other information TABC requires.

(d) Authorizes the holder of a distiller's and rectifier's permit to transport liquor only in a vehicle that is:

- (1) described by Subsection (c)(1);
- (2) owned or leased in good faith by the permit holder or by the permit holder's agent; and
- (3) printed or painted with the designation required by TABC.

SECTION 59. Amends Chapter 14, Alcoholic Beverage Code, by adding Section 14.08, as follows:

Sec. 14.08. STORAGE. (a) Authorizes the holder of a distiller's and rectifier's permit to store liquor:

- (1) on the permit holder's premises; or
- (2) inside the county in which the permit holder's business is located in a:
 - (A) public bonded warehouse authorized to store liquor under Chapter 46 (Bonded Warehouse Permit); or
 - (B) private warehouse that is:
 - (i) owned or leased by the permit holder; and
 - (ii) operated by the permit holder.

(b) Prohibits the holder of a distiller's and rectifier's permit from storing liquor in a dry area.

SECTION 60. Amends the heading to Chapter 15, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

CHAPTER 15. DISTILLER'S AGENT

SECTION 61. Amends Section 15.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 15.01. AUTHORIZED ACTIVITIES. (a) Creates this subsection from existing text. Authorizes a distiller's agent, rather than authorizing the holder of a distiller's agent's permit, to conduct certain business.

(b) Authorizes a person acting as an agent to only represent one permitted or licensed business at a time while soliciting or taking orders.

SECTION 62. Amends Section 15.04, Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 63. Amends Section 15.05, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 15.05. UNAUTHORIZED REPRESENTATION. Prohibits a distiller's agent in soliciting or taking orders for the sale of liquor from representing that the agent is an agent of any person other than the person who employs the agent or who has authorized the agent to represent the person, rather than prohibits a holder of a distiller's agent's permit in soliciting or taking orders for the sale of liquor from representing that the permit holder is an agent of any person other than the person who employs the agent or designated in the permit holder's application.

SECTION 64. Amends Section 16.01(a), Alcoholic Beverage Code, effective September 1, 2019, as follows:

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

(1)–(3) makes no changes to these subdivisions;

(4) sell wine in this state to or buy wine from permit holders authorized to purchase and sell wine, including holders of wholesaler's permits and winery permits, rather than sell wine in this state to or buy wine from permit holders authorized to purchase and sell wine, including holders of wholesaler's permits, winery permits, and wine bottler's permits; and

(5)–(9) makes no changes to these subdivisions.

SECTION 65. Amends Section 16.04, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 16.04. FEDERAL PERMIT REQUIRED. Authorizes a winery permit to be granted only on presentation of an appropriate federal wine permit, rather than authorizing a winery permit to be granted only on presentation of a winemaker's and blender's basic permit of the federal alcohol tax unit.

SECTION 66. Amends Section 16.08(b), Alcoholic Beverage Code, to authorize the holder of a winery permit to sell wine to the holder of a wine and malt beverage retailer's permit, mixed beverage permit, private club permit, or nonprofit entity temporary event permit, rather than a temporary permit issued under Chapter 27 (Temporary and Special Wine and Beer Retailer's Permit), 30, or 33, for an event that is approved by TABC and organized to celebrate and promote the wine industry in this state.

SECTION 67. Amends Chapter 16, Alcoholic Beverage Code, by adding Section 16.10, as follows:

Sec. 16.10. TRANSPORTING WINE. (a) Authorizes the holder of a winery permit to transport wine, if the transportation is for a lawful purpose, from:

(1) the place of purchase to the holder's place of business; and

(2) the place of sale or distribution to the purchaser.

(b) Authorizes the holder of a winery permit to transport wine from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

(c) Authorizes the holder of a winery permit to transport wine only in a vehicle that is owned or leased in good faith by the permit holder or by the permit holder's agent.

SECTION 68. Amends Chapter 16, Alcoholic Beverage Code, by adding Section 16.11, as follows:

Sec. 16.11. STORAGE. (a) Authorizes the holder of a winery permit to store wine:

(1) on the permit holder's premises; or

(2) inside or outside the county in which the permit holder's business is located in a:

(A) public bonded warehouse that is authorized to store liquor under Chapter 46; or

(B) private warehouse that is:

(i) owned or leased by the permit holder; and

(ii) operated by the permit holder.

(b) Authorizes the holder of a winery permit whose winery is located in a county all or part of which is in a dry area to store the winery's product in a dry area of that county if the product to be stored is owned by the permit holder and remains in the permit holder's possession.

SECTION 69. Amends Chapter 16, Alcoholic Beverage Code, by adding Section 16.12, as follows:

Sec. 16.12. SALES AT TEMPORARY LOCATION. (a) Authorizes the holder of a winery permit to sell wine at a civic or wine festival, farmers' market, celebration, or similar event.

(b) Prohibits the holder of a winery permit from offering wine for sale under this section on more than four consecutive days at the same location.

(c) Requires TABC to adopt rules to implement this section, including rules that:

(1) require the permit holder to notify TABC of the dates on which and location where the permit holder will temporarily offer wine for sale under this section;

(2) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sell wine under this section;

(3) detail the circumstances when a permit holder may temporarily sell wine under this section with just a notification to TABC and the circumstances that require TABC'S preapproval before a permit holder may temporarily sell wine under this section; and

(4) require the permit holder to provide any other information TABC determines necessary.

(d) Provides that the provisions of this code applicable to the sale of wine on the permitted premises of the holder of a winery permit apply to the sale of wine under this section.

SECTION 70. (a) Amends Section 19.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 19.01. AUTHORIZED ACTIVITIES. Authorizes the holder of a wholesaler's permit to:

(1) purchase and import liquor from distillers, brewers, wineries, rectifiers, and manufacturers who are holders of nonresident seller's permits or from their agents, rather than purchase and import liquor from distillers, brewers, wineries, wine bottlers, rectifiers, and manufacturers who are holders of nonresident seller's permits or from their agents who hold manufacturer's agents permits; and

(2)–(5) makes no changes to these subdivisions.

(b) Amends Section 19.01, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 19.01. AUTHORIZED ACTIVITIES. Deletes existing text authorizing the holder of a wholesaler's permit to purchase and import liquor from brewers, wine bottlers, and manufacturers who are holders of a nonresident sellers or from their agents who hold manufacturers agents permits and to sell ale and malt liquor to a holder of a private club registration permit.

SECTION 71. Amends Section 19.03, Alcoholic Beverage Code, as follows:

Sec. 19.03. PROMOTIONAL ACTIVITIES. Prohibits the holder of a wholesaler's permit or the permittee's agent from accepting a direct order from a mixed beverage permittee except for wine, rather than except for wine or malt liquor. Makes nonsubstantive changes.

SECTION 72. Amends Section 19.04, Alcoholic Beverage Code, as follows:

Sec. 19.04. MINIATURE CONTAINERS. Authorizes a wholesaler's permittee, in addition to other authorized containers, to import, sell, offer for sale, and possess for the purpose of resale distilled spirits, wine, and vinous liquors in containers of not less than one ounce nor more than two ounces. Authorizes liquor in containers of that size to be sold to:

- (1) package store permittees for resale to certain passenger transportation permittees, as provided in Section 48.03 (Eligibility For Permit), rather than package store permittees for resale to certain airline beverage permittees, as provided in Section 34.05 (Sale of Liquor to Permittee) of this code; and
- (2) makes no changes to this subdivision.

SECTION 73. Amends Chapter 19, Alcoholic Beverage Code, by adding Section 19.06, as follows:

Sec. 19.06. TRANSPORTING LIQUOR. (a) Authorizes the holder of a wholesaler's permit to transport liquor, if the transportation is for a lawful purpose, from:

- (1) the place of purchase to the holder's place of business; and
- (2) the place of sale or distribution to the purchaser.

(b) Authorizes the holder of a wholesaler's permit to transport liquor from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

(c) Authorizes the holder of a wholesaler's permit transporting liquor under this section to provide to TABC:

- (1) a full description of each motor vehicle used by the permit holder for transporting liquor; and
- (2) any other information TABC requires.

(d) Authorizes the holder of a wholesaler's permit to transport liquor only in a vehicle that is:

- (1) described by Subsection (c)(1);

(2) owned or leased in good faith by the permit holder or by the permit holder's agent; and

(3) printed or painted with the designation required by TABC.

SECTION 74. Amends Chapter 19, Alcoholic Beverage Code, by adding Section 19.07, as follows:

Sec. 19.07. STORAGE. (a) Authorizes the holder of a wholesaler's permit to store liquor:

(1) on the permit holder's premises; or

(2) inside the county in which the permit holder's business is located in a:

(A) public bonded warehouse authorized to store liquor under Chapter 46; or

(B) private warehouse that is:

(i) owned or leased by the permit holder; and

(ii) operated by the permit holder.

(b) Prohibits the holder of a wholesaler's permit from storing liquor in a dry area.

SECTION 75. (a) Amends Section 20.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 20.01. AUTHORIZED ACTIVITIES. Authorizes the holder of a general class B wholesaler's permit to:

(1) purchase and import malt and vinous liquors from brewers, wineries, rectifiers, and wine manufacturers who are the holders of nonresident seller's permits or their agents, rather than and wine manufacturers and wine bottlers who are the holders of nonresident seller's permits or their agents who are holders of manufacturer's agent permits; and

(2)–(5) makes no changes to these subdivisions.

(b) Amends Section 20.01, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 20.01. AUTHORIZED ACTIVITIES. Deletes existing Subdivision (5) (relating to authorizing the holder of a general Class B wholesaler's permit to sell ale and malt liquor to a holder of a private club registration permit. Authorizes the holder of a general class B wholesaler's permit to:

(1) purchase and import vinous liquors from wineries, rectifiers, and wine manufacturers who are the holders of nonresident seller's permits or their agents, rather than purchase and import malt and vinous liquors from brewers, wineries, rectifiers, and wine manufacturers and wine bottlers who are the holders of nonresident seller's permits or their agents who are holders of manufacturer's agent permits;

(2) purchase vinous liquors from wholesalers in the state, rather than purchase malt and vinous liquors from holders of brewer's permits, holders of brewpub licenses, or other wholesalers in the state;

(3) sell the vinous liquors in the original containers in which they are received to retailers and wholesalers authorized to sell them in this state,

including holders of local distributor's permits, mixed beverage permits, and certain nonprofit entity temporary event permits, rather than sell the malt and vinous liquors in the original containers in which they are received to retailers and wholesalers authorized to sell them in this state, including holders of local distributor's permits, mixed beverage permits, and daily temporary mixed beverage permits; and

(4) sell the vinous liquors to qualified persons outside the state, rather than sell the malt and vinous liquors to qualified persons outside the state.

SECTION 76. Amends Chapter 20, Alcoholic Beverage Code, by adding Section 20.04, as follows:

Sec. 20.04. TRANSPORTING LIQUOR. (a) Authorizes the holder of a general class B wholesaler's permit to transport liquor, if the transportation is for a lawful purpose, from:

(1) the place of purchase to the holder's place of business; and

(2) the place of sale or distribution to the purchaser.

(b) Authorizes the holder of a general class B wholesaler's permit to transport liquor from one wet area to another wet area across a dry area if that course of transportation is necessary or convenient.

(c) Requires the holder of a general class B wholesaler's permit transporting liquor under this section to provide to TABC:

(1) a full description of each motor vehicle used by the permit holder for transporting liquor; and

(2) any other information TABC requires.

(d) Authorizes the holder of a general class B wholesaler's permit to transport liquor only in a vehicle that is:

(1) described by Subsection (c)(1);

(2) owned or leased in good faith by the permit holder or by the permit holder's agent; and

(3) printed or painted with the designation required by TABC.

SECTION 77. Amends Chapter 20, Alcoholic Beverage Code, by adding Section 20.05, as follows:

Sec. 20.05. STORAGE. (a) Authorizes the holder of a general class B wholesaler's permit to store liquor:

(1) on the permitted premises; or

(2) inside the county in which the permittee's business is located in a:

(A) public bonded warehouse authorized to store liquor under Chapter 46; or

(B) private warehouse that is:

(i) owned or leased by the permit holder; and

(ii) operated by the permit holder.

(b) Prohibits the holder of a general class B wholesaler's permit from storing liquor in a dry area.

SECTION 78. Amends Section 22.01, Alcoholic Beverage Code, as follows:

Sec. 22.01. AUTHORIZED ACTIVITIES. Deletes existing Subdivisions (3)–(4) and creates Subdivisions (3)–(5) from existing text. Authorizes the holder of a package store permit to:

- (1) purchase liquor in this state from the holder of a winery, wholesaler's, or class B wholesaler's permit, rather than purchase liquor in this state from the holder of a winery, wholesaler's, class B wholesaler's, or wine bottler's permit;
- (2) purchase malt beverages in this state from the holder of a general or branch distributor's license;
- (3) sell liquor and malt beverages in unbroken original containers on or from the holder's licensed premises at retail to consumers for off-premises consumption only and not for the purpose of resale, except that if the permittee is a hotel, the permittee may deliver unbroken packages of liquor and malt beverages to bona fide guests of the hotel in their rooms for consumption in their rooms;
- (4) sell vinous liquors in original containers of not less than six ounces; and
- (5) sell liquor to holders of passenger transportation permits as provided in Section 48.03, rather than sell liquor to holders of airline beverage permits as provided in Section 34.05 of this code.

Makes nonsubstantive and conforming changes.

SECTION 79. Amends Section 22.03, Alcoholic Beverage Code, as follows:

Sec. 22.03. DELIVERIES TO CUSTOMERS. (a) Authorizes the holder of a package store permit or wine only package store permit issued for a location within a city or town or within two miles of the corporate limits of a city or town to make deliveries of and collections for alcoholic beverages off the premises in areas where the sale of the beverages is legal, rather than authorizing the holder of a package store permit or wine only package store permit issued for a location within a city or town or within two miles of the corporate limits of a city or town, who also holds a local cartage permit, to make deliveries of and collections for alcoholic beverages off the premises in areas where the sale of the beverages is legal. Makes a conforming change.

(b) Makes a conforming change to this subsection.

SECTION 80. Amends Section 22.06(a), Alcoholic Beverage Code, as follows:

(a) Except as otherwise provided in Section 102.05, rather than except as provided by Section 102.05 of this code and in Subsection (b) of this section, no person who holds a package store permit or owns an interest in a package store may have a direct or indirect interest in any of the following:

- (1) a brewer's, retail dealer's on-premise, or general or branch distributor's license, rather than a manufacturer's, retail dealer's on-premise, or general, branch, or local distributor's license;
- (2) makes a conforming change; or
- (3) makes no changes to this subdivision.

SECTION 81. Amends Section 22.08, Alcoholic Beverage Code, as follows:

Sec. 22.08. TRANSFER OF BEVERAGES. (a) Creates this subsection from existing text. Authorizes the owner of more than one package store, rather than authorizing the owner of more than one package store who is also the holder of a local cartage permit, to transfer alcoholic beverages between any of the owner's licensed premises in the same county between the hours of 7 a.m. and 9 p.m. on any day when the sale of those beverages is legal, subject to rules prescribed by TABC.

(b) Prohibits the holder of a package store permit from transporting alcoholic beverages under Subsection (a) unless:

(1) the permit holder provides TABC with a description, as required by TABC, of each motor vehicle used by the permit holder to transport alcoholic beverages; and

(2) each motor vehicle is plainly marked or lettered to indicate that it is being used by the permit holder to transport alcoholic beverages.

(c) Prohibits the holder of a package store permit, when transporting alcoholic beverages under this section, from violating the motor carrier laws of this state.

SECTION 82. Amends Section 22.10, Alcoholic Beverage Code, as follows:

Sec. 22.10. OPENING CONTAINERS PROHIBITED. Prohibits a person, except as authorized under Section 22.18, from breaking or opening a container containing liquor or a malt beverage or possessing an opened container of liquor or a malt beverage on the premises of a package store, rather than authorizing no person, except as authorized under Section 52.01 of this code, from breaking or opening a container containing liquor or a beer or possess an opened container of liquor or a beer on the premises of a package store.

SECTION 83. Amends Section 22.11, Alcoholic Beverage Code, to make conforming changes.

SECTION 84. Amends Chapter 22, Alcoholic Beverage Code, by adding Section 22.18, as follows:

Sec. 22.18. TASTINGS. (a) Authorizes the holder of a package store permit to conduct product tastings of distilled spirits, wine, malt beverages, or spirit-based coolers on the permitted premises during regular business hours as provided by this section.

(b) Requires written notification of a product tasting to be posted on the premises of the package store permit holder not later than 48 hours before the tasting event. Requires the notification to clearly state:

(1) the type and brand of alcoholic beverage to be tasted;

(2) the date and hours the tasting is to take place; and

(3) the address of the premises where the tasting is to occur.

(c) Requires a copy of the notification to be kept on file and available for inspection on the premises during all tasting hours.

(d) Requires sample portions at a product tasting to be limited to not more than:

(1) one-half ounce for distilled spirits;

(2) one ounce for wine; and

(3) one ounce for malt beverages and coolers.

(e) Authorizes not more than 20 different products to be made available for tasting at any one time.

(f) Prohibits a charge of any sort from being made for a sample serving.

(g) Authorizes a person to be served more than one sample. Prohibits samples from being served to a minor or to an obviously intoxicated person. Prohibits a sample from being removed from the permitted premises.

(h) Prohibits more than two containers of each brand or type of product being tasted, during the tasting, from being open on the premises at one time.

(i) Requires all empty or open containers of alcoholic beverages used in the tasting, at the conclusion of the tasting, to be removed from the premises or stored in a locked, secure area on the permitted premises.

(j) Prohibits a tasting event authorized by this section from being advertised except by on-site communications, by direct mail, by electronic mail, or on the permit holder's Internet website.

(k) Prohibits a person other than the package store permittee or the permittee's agent or employee, except as provided by Subsection (l) or elsewhere in this code, from dispensing or participating in the dispensing of alcoholic beverages under this section.

(l) Authorizes the holder of a distiller's or rectifier's permit or nonresident seller's permit or that permit holder's agent or employee to participate in and conduct product tastings of alcoholic beverages at a retailer's premises and to open, touch, or pour alcoholic beverages, make a presentation, or answer questions at the tasting. Requires any alcoholic beverage tasted under this subsection to be purchased from the package store permit holder on whose premises the tasting is held. Prohibits the permit holder from requiring the purchase of more alcoholic beverages than are necessary for the tasting. Provides that this section does not authorize the holder of a distiller's or rectifier's permit or nonresident seller's permit or that permit holder's agent or employee to withdraw or purchase an alcoholic beverage from the holder of a wholesaler's permit or provide an alcoholic beverage for tasting on a retailer's premises that is not purchased from the retailer.

(m) Provides that for the purposes of this code and any other law or ordinance:

(1) a package store permit does not authorize the sale of alcoholic beverages for on-premise consumption; and

(2) none of the permit holder's income may be considered to be income from the sale of alcoholic beverages for on-premise consumption.

SECTION 85. Amends Section 23.01, Alcoholic Beverage Code, as follows:

Sec. 23.01. AUTHORIZED ACTIVITIES. (a) Creates Subdivision (4) from existing text and makes a nonsubstantive change to Subdivision (2). Authorizes the holder of a local distributor's permit to:

(1) purchase alcoholic beverages, including malt beverages, from wholesalers and distributors authorized to sell them for resale, but to purchase only those brands available for general distribution to all local distributor's permittees;

(2) sell and distribute the alcoholic beverages, including malt beverages, to mixed beverage and private club registration permittees, rather than sell and distribute alcoholic beverages to mixed beverages and private club registration permits;

(3) sell and distribute distilled spirits to the holder of a nonprofit entity temporary event permit; and

(4) creates this subdivision from existing text and makes no further changes to this subdivision.

(b) Authorizes a local distributor's permittee to purchase liquor only from a wholesaler's or general class B wholesaler's permittee and to purchase only the types of liquor the particular wholesaler is authorized by the wholesaler's permit to sell, rather than authorizing a local distributor's permittee to purchase liquor only from a wholesaler's, general class B wholesaler's, or local class B wholesaler's permittee and to purchase only the types of liquor the particular wholesaler is authorized by his permit to sell.

SECTION 86. Amends Section 23.04, Alcoholic Beverage Code, as follows:

Sec. 23.04. MAY TRANSFER BEVERAGES. (a) Creates this subsection from existing text. Authorizes the holder of a local distributor's permit to transfer alcoholic beverages, rather than providing that if the holder of a local distributor's permit also holds a local cartage permit, he is authorized to transfer alcoholic beverages:

(1) makes a nonsubstantive change to this subdivision; and

(2) makes no change to this subdivision.

(b) Prohibits the holder of a local distributor's permit from transporting alcoholic beverages under Subsection (a) unless:

(1) the permit holder provides TABC with a description, as required by TABC, of each motor vehicle used by the permit holder to transport alcoholic beverages; and

(2) each motor vehicle is plainly marked or lettered to indicate that it is being used by the permit holder to transport alcoholic beverages.

(c) Prohibits the holder of a local distributor's permit, when transporting alcoholic beverages under this section, from violating the motor carrier laws of this state.

SECTION 87. Amends Section 24.01(a), Alcoholic Beverage Code, as follows:

(a) Creates Subdivision (3) from existing text. Authorizes the holder of a wine only package store permit to:

(1) purchase wine and vinous liquors in this state from the holder of a winery, wholesaler's, or class B wholesaler's permit, rather than purchase ale, wine, and vinous liquors in this state from the holder of a winery, wine bottler's, wholesaler's, or class B wholesaler's permit;

(2) purchase malt beverages from the holder of a general or branch distributor's license; and

(3) makes no further changes to this subdivision.

SECTION 88. Amends Section 24.04, Alcoholic Beverage Code, as follows:

Sec. 24.04. New heading: DESIGNATION OF PLACE OF STORAGE; TRANSPORT OF BEVERAGES. (a) Creates this subsection from existing text and makes conforming and nonsubstantive changes to this subsection.

(b) Prohibits a wine only package store permit holder from transporting alcoholic beverages under Subsection (a) unless:

(1) the permit holder provides TABC with a description, as required by TABC, of each motor vehicle used by the permit holder to transport alcoholic beverages; and

(2) each motor vehicle is plainly marked or lettered to indicate that it is being used by the permit holder to transport alcoholic beverages.

(c) Prohibits the holder of a wine only package store permit, when transporting alcoholic beverages under this section, from violating the motor carrier laws of this state.

SECTION 89. Amends Section 24.05(c), Alcoholic Beverage Code, to make conforming changes.

SECTION 90. (a) Amends Section 24.07, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 24.07. WHEN LICENSE ALSO HELD: HOURS OF SALE, ETC. Authorizes a holder of a wine only package store permit who also holds a retail dealer's off-premise license for the same location to remain open and sell ale, wine, vinous liquors, and beer, for off-premises consumption only, on any day and during the same hours as those prescribed for the sale of beer under Section 105.05 (Hours of Sale: Beer), rather than on any day and during the same hours that the holder of a wine and beer retailer's permit may sell ale, beer, and wine, except that the permit holder is prohibited from selling wine or vinous liquor containing more than 17 percent alcohol by volume on a Sunday or after 10 p.m. on any day. Makes a nonsubstantive change.

(b) Amends Section 24.07, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 24.07. New heading: HOURS OF SALE. Authorizes a holder of a wine only package store permit to remain open and sell malt beverages, wine, and vinous liquors, for off-premises consumption only, on any day and during the same hours as those prescribed for the sale of malt beverages under Section 105.05, except that the permit holder is prohibited from selling wine or vinous liquor containing more than 17 percent alcohol by volume on a Sunday or after 10 p.m. on any day, rather than authorizing a holder of a wine only package store permit who also holds a retail dealer's off-premise license for the same location to remain open and sell ale, wine, vinous liquors, and beer, for off-premises consumption only, on any day and during the same hours that the holder of a wine and beer retailer's permit is authorized to sell ale, beer, and wine, except that he is prohibited from selling wine or vinous liquor containing more than 17 percent alcohol by volume on a Sunday or after 10 p.m. on any day.

SECTION 91. Amends Section 24.09, Alcoholic Beverage Code, as follows:

Sec. 24.09. OPENING CONTAINERS PROHIBITED. Prohibits a person, except as provided by Section 24.12 (Wine and Ale Sampling), rather than Section 52.01 (Authorized Activities), from breaking or opening a container of liquor or malt beverages or possessing an opened container of liquor or malt beverages on the premises of a wine only package store. Makes a conforming change.

SECTION 92. Amends Section 24.10, Alcoholic Beverage Code, to make conforming changes.

SECTION 93. Amends Section 24.12, Alcoholic Beverage Code, as follows:

Sec. 24.12. New heading: WINE AND MALT BEVERAGES SAMPLING. (a) Authorizes the holder of a wine only package store permit to conduct free product samplings of wine or malt beverages, rather than wine or ale, on the permit holder's premises during regular business hours as provided by this section.

(b) Makes a conforming change to this subsection.

(c) Makes no changes to this subsection.

(d) Makes a conforming change. Prohibits the retailer from requiring the purchase of more alcoholic beverages than are necessary for the tasting. Provides that this section does not authorize the holder of a nonresident seller's permit or that permit holder's agent or employee to withdraw or purchase an alcoholic beverage from the holder of a wholesaler's permit or provide an alcoholic beverage for tasting on a retailer's premises that is not purchased from the retailer.

(e) Makes no changes to this subsection.

(f) Requires written notification of a product tasting to be posted on the premises of the wine only package store permit holder not later than 48 hours before the tasting event. Requires the notification to clearly state:

(1) the type and brand of alcoholic beverage to be tasted;

(2) the date and hours the tasting is to take place; and

(3) the address of the premises where the tasting is to occur.

(g) Requires a copy of the notification to be kept on file and available for inspection on the premises during all tasting hours.

(h) Requires sample portions at a product tasting to be limited to no more than:

(1) one ounce for wine; and

(2) one ounce for malt beverages and coolers.

(i) Prohibits more than 20 different products from being made available for tasting at any one time.

(j) Prohibits a charge of any sort from being made for a sample serving.

(k) Authorizes a person to be served more than one sample. Prohibits samples from being served to a minor or to an obviously intoxicated person. Prohibits a sample from being removed from the permitted premises.

(l) Prohibits more than two containers of each brand or type of product being tasted during the tasting from being open on the premises at one time.

(m) Requires all empty or open containers of alcoholic beverages used in the tasting, at the conclusion of the tasting, to be removed from the premises or stored in a locked, secure area on the permitted premises.

(n) Prohibits a tasting event authorized by this section from being advertised except by on-site communications, by direct mail, by electronic mail, or on the permit holder's Internet website.

(o) Prohibits a person other than the wine only package store permittee or the permittee's agent or employee, except as provided by Subsection (p) or elsewhere in this code, from dispensing or participating in the dispensing of alcoholic beverages under this section.

(p) Authorizes the holder of a nonresident seller's permit or that permit holder's agent or employee to participate in and conduct product tastings of alcoholic beverages at a retailer's premises and to open, touch, or pour alcoholic beverages, make a presentation, or answer questions at the tasting.

SECTION 94. Amends the heading to Chapter 25, Alcoholic Beverage Code, to read as follows:

CHAPTER 25. WINE AND MALT BEVERAGE RETAILER'S PERMIT

SECTION 95. Amends Section 25.01, Alcoholic Beverage Code, to make conforming changes.

SECTION 96. Amends the heading to Section 25.03, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 25.03. EXCURSION BOATS: PERMITS, FEES.

SECTION 97. Amends Sections 25.03(c) and (d), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(c) Requires an application for a permit for an excursion boat and payment of the required fee, rather than a permit for a railway car or an excursion boat and payment of the required fee, to be made directly to TABC.

(d) Provides that a permit for an excursion boat, rather than a railway car or an excursion boat, is inoperative in a dry area.

SECTION 98. (a) Amends Section 25.04(a), Alcoholic Beverage Code, effective December 31, 2020, to provide that a wine and beer retailer's permit is issued by TABC, rather than by TABC or the administrator.

(b) Amends Section 25.04, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 25.04. ISSUANCE, CANCELLATION, AND SUSPENSION OF PERMIT. Makes conforming changes and replaces references to beer with references to malt beverages.

SECTION 99. (a) Amends Section 25.05(a), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(a) Requires TABC, rather than the county judge, on receipt of an original application for a wine and beer retailer's permit, to give notice of all hearings before TABC concerning the application to the sheriff and the chief of police of the incorporated city in which, or nearest which, the premises for which the permit is sought are located. Makes nonsubstantive changes.

(b) Amends Section 25.05(a), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace a reference to beer with a reference to malt beverages.

SECTION 100. (a) Amends Sections 25.06(a), (b), and (c), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(a) Requires TABC, rather than the county judge, to deny an original application for a wine and beer retailer's permit if TABC finds that the applicant, or the applicant's spouse, during the five years immediately preceding the application, was finally convicted of a felony or one of certain offenses.

(b) Makes conforming and nonsubstantive changes to this subsection.

(c) Requires TABC to deny an application for a renewal of a wine and beer retailer's permit if it finds, rather than requiring TABC to refuse to issue a renewal of a wine or beer retailer's permit if it finds, certain facts. Makes nonsubstantive changes.

(b) Amends Sections 25.06(a) and (c), Alcoholic Beverage Code, effective September 1, 2021, to make conforming and nonsubstantive changes and replace references to beer with references to malt beverages.

SECTION 101. Amends Section 25.09, Alcoholic Beverage Code, to make conforming changes.

SECTION 102. Amends Section 25.10, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 103. Amends Section 25.11, Alcoholic Beverage Code, to make a conforming change.

SECTION 104. Amends Section 25.12(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 105. Amends Sections 25.13(a), (a-1), and (d), Alcoholic Beverage Code, to make conforming changes.

SECTION 106. Amends Section 25.14(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 107. Amends Chapter 25, Alcoholic Beverage Code, by adding Section 25.15, as follows:

Sec. 25.15. SALES AT TEMPORARY LOCATION. (a) Authorizes the holder of a wine and malt beverage retailer's permit to temporarily at a location other than the permit holder's premises sell for consumption on or off the premises where sold, but not for resale, wine and malt beverages containing alcohol in excess of one-half of one percent by volume but not more than 17 percent by volume at a picnic, celebration, or similar event.

(b) Authorizes the holder of a wine and malt beverage retailer's permit to temporarily sell wine and malt beverages for not more than four consecutive days at the same location under Subsection (a) and not more than five consecutive days at an event under Subsection (d) or six days if necessary to accommodate the postponement of scheduled racing events due to an act of nature.

(c) Requires TABC to adopt rules to implement this section, including rules that:

(1) require the permit holder to notify TABC of the dates on which and location where the permit holder will temporarily offer wine and malt beverages for sale under this section;

(2) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sell wine and malt beverages under this section;

(3) detail the circumstances when a permit holder may temporarily sell wine and malt beverages under this section with only a notification to TABC and the circumstances that require TABC's preapproval before a permit holder may temporarily sell wine and malt beverages under this section;

(4) establish the length of time a permit holder may sell wine and malt beverages under this section at the same location; and

(5) require the permit holder to provide any other information TABC determines necessary.

(d) Authorizes the holder of a wine and malt beverage retailer's permit to temporarily sell wine and malt beverages in an area of a facility with a seating capacity of more than 150,000 that is open to the public and not otherwise covered by a license or permit during a motor vehicle racing event sponsored by a professional motor racing association.

(e) Prohibits the holder of a wine and malt beverage retailer's permit who temporarily sells wine and malt beverages under Subsection (d) from:

(1) selling under this section at the facility more than four times in a calendar year;

(2) selling alcoholic beverages in factory-sealed containers;

(3) selling more than two drinks to a single consumer at one time;

(4) selling alcoholic beverages at more than 50 percent of the food and beverage concession stands that are open for business at any one time; and

(5) selling alcoholic beverages after:

(A) 75 percent of the feature race is complete on the day that race is held; and

(B) one hour before the scheduled completion of the last spectator event on a day other than the feature race day.

(f) Requires a holder of a wine and malt beverage retailer's permit that sells wine or malt beverages under that permit in a county other than the county in which the premises covered by the permit is located to:

(1) purchase the beverages from a distributor or wholesaler authorized under this code to sell the beverages in the county in which the permit holder sells the beverages under this section; and

(2) report to TABC, in the manner prescribed by TABC by rule, the amount of beverages purchased and sold under this section, by type.

SECTION 108. Amends the heading to Chapter 26, Alcoholic Beverage Code, to read as follows:

CHAPTER 26. WINE AND MALT BEVERAGE RETAILER'S OFF-PREMISE
PERMIT

SECTION 109. Amends Section 26.01, Alcoholic Beverage Code, as follows:

Sec. 26.01. AUTHORIZED ACTIVITIES. (a) Authorizes the holder of a wine and malt beverage, rather than wine and beer, retailer's off-premise permit to sell for off-premises

consumption only, in unbroken original containers, but not for resale, wine and malt beverages, rather than wine, beer, and malt liquors, containing alcohol in excess of one-half of one percent by volume but not more than 17 percent by volume.

(b) Makes conforming changes to this subsection.

SECTION 110. (a) Amends Section 26.03(a), Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

(b) Amends Section 26.03, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer with references to malt beverages.

SECTION 111. Amends Section 26.04, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 112. Amends Section 26.05(a), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 113. Amends Section 26.08, Alcoholic Beverage Code, to make conforming changes.

SECTION 114. Amends Sections 28.01(b) and (c), Alcoholic Beverage Code, to make conforming changes.

SECTION 115. Amends Section 28.07, Alcoholic Beverage Code, by amending Subsections (b) and (c) and adding Subsection (d), as follows:

(b) Authorizes a permit holder, if the holder of a mixed beverage permit is in a county where there are no local distributors, to purchase alcoholic beverages in the nearest county where local distributors are located and to transport them to the permit holder's premises, rather than authorizing a permit holder, if the holder of a mixed beverage permit is in a county where there are no local distributors, to purchase alcoholic beverages in the nearest county where local distributors are located and to transport them to his premises provided that he is also a holder of a beverage cartage permit.

(c) Makes conforming and nonsubstantive changes to this subsection.

(d) Authorizes the holder of a mixed beverage permit to transfer alcoholic beverages from the place of purchase to the permitted premises as provided in this code.

SECTION 116. Amends Section 28.10(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 117. Amends Chapter 28, Alcoholic Beverage Code, by adding Section 28.19, as follows:

Sec. 28.19. SALES AT TEMPORARY LOCATION. (a) Authorizes the holder of a mixed beverage permit to temporarily sell authorized alcoholic beverages at:

(1) a picnic, celebration, or similar event; or

(2) a place other than the premises for which the holder's mixed beverage permit is issued only in:

(A) an area where the sale of mixed beverages has been authorized by a local option election; or

(B) an area that:

(i) is adjacent to a county with a home-rule municipality with a population of more than 350,000:

(a) that has in its charter a provision allowing for limited purpose annexation for zoning;

(b) that has previously disannexed territory annexed for limited purposes; and

(c) that allows the sale of mixed beverages;

(ii) does not comprise an entire county; and

(iii) is not within the corporate limits of a municipality.

(b) Requires distilled spirits sold at a temporary location under this section to be purchased from the holder of a local distributor's permit.

(c) Requires TABC to adopt rules to implement this section, including rules that:

(1) require the permit holder to notify TABC of the dates on which and location where the permit holder will temporarily offer alcoholic beverages for sale under this section;

(2) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sell alcoholic beverages under this section;

(3) detail the circumstances when a permit holder may temporarily sell alcoholic beverages under this section with only a notification to TABC and the circumstances that require TABC's preapproval before a permit holder may temporarily sell alcoholic beverages under this section;

(4) establish the length of time a permit holder may sell alcoholic beverages under this section at the same location; and

(5) require the permit holder to provide any other information TABC determines necessary.

(d) Authorizes the temporary sale of alcoholic beverages by a mixed beverage permit holder under this section in an area located on property owned by a municipality that contains a municipally owned conference center and that borders a lake, notwithstanding any other law, to permit a patron to leave the area, even though the patron possesses an alcoholic beverage, if:

(1) the beverage is in an open container and appears to be possessed for present consumption; and

(2) the public consumption of alcoholic beverages or possession of an open container of an alcoholic beverage is not prohibited on the municipally owned property where the area is located.

(e) Provides that Subsection (d) applies only to a mixed beverage permit holder operating under this section in an area in a municipality that:

(1) has a population of less than 15,000;

(2) is located in a county with a population of less than 65,000; and

(3) contains a historic preservation district that borders a lake.

(f) Provides that Subsection (d) does not affect the prohibition against possessing an open container in a passenger area of a motor vehicle under Section 49.031 (Possession of Alcoholic Beverage in Motor Vehicle), Penal Code.

SECTION 118. Amends Chapter 29, Alcoholic Beverage Code, as follows:

CHAPTER 29. New heading: RETAILER LATE HOURS CERTIFICATE

Sec. 29.01. ELIGIBLE PERMIT AND LICENSE HOLDERS. Authorizes a retailer late hours certificate to be issued to the holder of a mixed beverage permit, private club registration permit, or retail dealer's on-premise license.

Sec. 29.02. AUTHORIZED ACTIVITIES. Creates this section from existing text. Authorizes the holder of a retailer late hours certificate to sell or serve the alcoholic beverages the holder is authorized to sell or serve under its primary permit or license on Sunday between the hours of 1:00 a.m. and 2 a.m. and on any other day between the hours of 12 midnight and 2 a.m. if the premises covered by the license or permit are in an area where the sale or service of those alcoholic beverages during those hours is authorized by this code, rather than authorizing the holder of a mixed beverage late hours permit to sell mixed beverages on Sunday between the hours of 1:00 a.m. and 2 a.m. and on any other day between the hours of 12 midnight and 2 a.m. if the premises covered by the permit are in an area where the sale of mixed beverages during those hours is authorized by this code.

Deletes existing Section 29.02 relating to providing that the annual state fee for a mixed beverage late hours permit is \$150.

Sec. 29.03. ISSUANCE OF CERTIFICATE AUTHORIZED FOR CERTAIN AREAS.

(a) Authorizes a retailer late hours certificate, notwithstanding any other provision of this code, to be issued to the holder of a retail dealer's on-premise license in an area in which the voters have approved a certain alcoholic beverage ballot issues in a local option election. Sets forth the required language of the ballot.

(b) Authorizes a premises that qualifies for a certificate under this chapter because it is located in an area that approved the ballot issue described by Subsection (a)(2)(B) to be issued a certificate under this chapter only if the premises is issued a food and beverage certificate. Deletes existing text providing that all provisions of this code which apply to a mixed beverage permit also apply to a mixed beverage late hours permit.

SECTION 119. Amends Chapter 30, Alcoholic Beverage Code, as follows:

CHAPTER 30. New heading: NONPROFIT ENTITY TEMPORARY EVENT PERMIT

Sec. 30.01. DEFINITION. Defines "nonprofit entity" for purposes of this chapter.

Sec. 30.02. AUTHORIZED ACTIVITIES. Authorizes the holder of a nonprofit entity temporary event permit to sell for consumption on the premises for which the permit is issued any alcoholic beverage that is authorized to be sold where the event is held, rather than authorizing the holder of a daily temporary mixed beverage permit to sell mixed beverages for consumption on the premises for which the permit is issued.

Deletes existing Section 30.02 relating to a provision that the state fee for a daily temporary mixed beverage permit is \$50 per day.

Sec. 30.03. ISSUANCE OF PERMIT. Deletes existing Subsections (a)-(b) relating to authorizing TABC to, in its discretion, issue on a temporary basis a daily temporary mixed beverage permit, authorizing a daily temporary mixed beverage permit to be issued only to a holder of a mixed beverage permit for the temporary sale of authorized

alcoholic beverages at picnics, celebrations, or similar events, or to a political party or political association supporting a candidate for public office or a proposed amendment to the Texas Constitution or other ballot measure, to an organization formed for a specific charitable or civic purpose, to a fraternal organization in existence for over five years with a regular membership, or to a religious organization. Deletes existing text prohibiting TABC from issuing more than 10 temporary mixed beverage permits in each calendar year to a person who does not also hold a mixed beverage permit, and a provision that the provisions of this code which apply to the application for and issuance of other permits do not apply to the application and issuance of a daily temporary mixed beverage permit. Authorizes TABC to issue a nonprofit entity temporary event permit to a nonprofit entity for the sale of alcoholic beverages at an event sponsored by the permit holder including picnics, celebrations, or similar events.

Deletes existing Subsection (b) and text providing that the provisions of this code which apply to the application for and issuance of other permits do not apply to the application and issuance of a daily temporary mixed beverage permit.

Sec. 30.04. NOTATION OF DATES PERMIT IS VALID. Requires TABC, when issuing a nonprofit entity temporary event permit under this chapter, to, on the face of the permit, indicate the dates on which the permit is valid.

Sec. 30.05. PURCHASE OF DISTILLED SPIRITS. Requires distilled spirits sold by the holder of a nonprofit entity temporary event permit to be purchased from the holder of a local distributor's permit, rather than sold under a daily temporary mixed beverage permit to be purchased from the holder of a local distributor's permit.

Sec. 30.06 AUCTION OF ALCOHOLIC BEVERAGES. (a) Authorizes the holder of a nonprofit entity temporary event permit to auction alcoholic beverages, for consumption off premises, to raise money to support the stated purpose of the permit holder.

(b) Requires the proceeds from an auction authorized by this section to be deposited to the account of the holder of a nonprofit entity temporary event permit.

(c) Prohibits the holder of a nonprofit entity temporary event permit from:

(1) auctioning distilled spirits or wine that has not been donated to the organization;

(2) auctioning alcoholic beverages if any taxes are owed on the beverages;
or

(3) paying a commission or promotional allowance to a person to:

(A) arrange or conduct an auction under this section; or

(B) arrange the donation of alcoholic beverages to be auctioned by the organization Deletes existing text providing that all provisions of this code applicable to a mixed beverage permit also apply to a daily temporary mixed beverage permit unless there is a special provision to the contrary.

Sec. 30.07. APPLICATION OF OTHER LAW. Redesignates Section 30.06 as this section. Provides that Section 11.39 does not apply to an applicant for a nonprofit entity temporary event permit.

Sec. 30.08. ADOPTION OF RULES. Creates Subdivision (1) from existing text. Requires TABC, rather than authorizing TABC, to adopt rules which it determines to be necessary to implement and administer the provisions of this chapter, including:

(1) limitations on the number of times during any calendar year a nonprofit entity, rather than a qualified organization, is authorized to be issued a permit under this chapter, which may vary based on the type of entity and other factors TABC determines relevant;

(2) the duration for a permit issued under this chapter which may vary depending on the length of the event for which the permit is being issued; and

(3) penalties for a violation of this code or a rule adopted under this code.

Sec. 30.09. EVENTS IN DRY AREA. (a) Authorizes TABC to issue a nonprofit entity temporary event permit to a nonprofit corporation for a fund-raising event for the nonprofit corporation that is located in a dry area.

(b) Authorizes a nonprofit entity temporary event permit under this section to only be issued for an event:

(1) in the county where the nonprofit corporation is located; and

(2) that lasts not longer than eight hours.

(c) Authorizes a nonprofit corporation to be issued only one nonprofit entity temporary event permit under this section in each calendar year.

(d) Requires TABC by rule to establish the procedure for obtaining and operating under a nonprofit entity temporary event permit issued under this section.

SECTION 120. Amends Section 32.01(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 121. Amends Section 32.08, Alcoholic Beverage Code, by amending Subsections (b) and (c) and adding Subsection (d), as follows:

(b)-(c) Makes conforming changes to these subsections.

(d) Authorizes the holder of a private club registration permit to transfer alcoholic beverages from the place of purchase to the permitted premises as provided in this code.

SECTION 122. Amends Sections 32.17(a) and (c), Alcoholic Beverage Code, as follows:

(a) Authorizes TABC or the administrator to cancel or suspend for a period of time not exceeding 60 days, after notice and hearing, an original or renewal private club registration permit on finding that the permittee club has:

(1)–(6) makes no changes to these subdivisions;

(7) caused, permitted, or allowed any person to consume or be served any alcoholic beverage on the club premises:

(A) at any time on Sunday between the hours of 1:15 a.m. and 10 a.m. or on any other day at any time between the hours of 12:15 a.m. and 7 a.m., if the club does not have a retailer late hours certificate, rather than if the club does not have a private club late hours permit, except that an alcoholic beverage served to a customer between 10 a.m. and 12 noon on Sunday is required to be provided during the service of food to the customer; or

(B) makes conforming changes to this paragraph; or

(8) makes no changes to this subdivision.

(c) Makes conforming and nonsubstantive changes to this subsection.

SECTION 123. Amends Chapter 32, Alcoholic Beverage Code, by adding Section 32.25, as follows:

Sec. 32.25. SALES AT TEMPORARY LOCATION. (a) Authorizes the holder of a private club registration permit to temporarily serve authorized alcoholic beverages at:

(1) a picnic, celebration, or similar event sponsored by:

(A) a political party or political association supporting a candidate for public office or a proposed amendment to the Texas Constitution or other ballot measure;

(B) a charitable or civic organization;

(C) a fraternal organization with a regular membership that has been in continuous existence for more than five years; or

(D) a religious organization; and

(2) that is located in the county where the private club registration permit is issued.

(b) Authorizes the holder of a private club registration permit to temporarily serve alcoholic beverages under this section not more than two times in each calendar year.

(c) Requires distilled spirits served under this section to be purchased from the holder of a local distributor's permit.

(d) Requires TABC to adopt rules to implement this section, including rules that:

(1) require the permit holder to notify TABC of the dates on which and location where the permit holder will temporarily offer alcoholic beverages for sale under this section;

(2) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sell alcoholic beverages under this section;

(3) detail the circumstances when a permit holder is authorized to temporarily sell alcoholic beverages under this section with only a notification to TABC and the circumstances that require TABC's preapproval before a permit holder is authorized to temporarily sell alcoholic beverages under this section; and

(4) require the permit holder to provide any other information TABC determines necessary.

SECTION 124. Amends the heading to Chapter 35, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

CHAPTER 35. AGENTS

SECTION 125. Amends Section 35.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 35.01. AUTHORIZED ACTIVITIES. (a) Authorizes an agent, rather than the holder of an agent's permit, to take certain actions.

(b) Authorizes a person acting as an agent to only represent one permitted or licensed business at a time while soliciting or taking orders.

SECTION 126. Amends Section 35.05, Alcoholic Beverage Code, effective September 1, 2019, to make a conforming change.

SECTION 127. Amends Section 35.06, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 35.06. New heading: INELIGIBILITY TO SERVE AS NONRESIDENT SELLER'S AGENT. Makes conforming changes to this section.

SECTION 128. Amends Section 35.07, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 35.07. UNAUTHORIZED REPRESENTATION. Prohibits an agent in soliciting or taking orders for the sale of liquor from representing that the agent is an agent of any person other than the person who employs the agent or who has authorized the agent to represent the person, rather than prohibiting a holder of an agent's permit in soliciting or taking orders for the sale of liquor from representing himself to be an agent of any person other than the person designated in his permit application.

SECTION 129. Amends the heading to Chapter 36, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

CHAPTER 36. NONRESIDENT SELLER'S AGENTS

SECTION 130. Amends Section 36.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 36.01. AUTHORIZED ACTIVITIES. (a) Authorizes a nonresident seller's agent, rather than the holder of a manufacturer's agent's permit, to take certain actions.

(b) Authorizes a person acting as a nonresident seller's agent to only represent one permitted or licensed business at a time while soliciting or taking orders.

SECTION 131. Amends Section 36.04, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 36.04. New heading: INELIGIBILITY TO SERVE AS AN AGENT. Prohibits a person acting as a nonresident seller's agent from acting as an agent under Chapter 35, rather than prohibiting a holder of a manufacturer's agent's permit from being issued an agent's permit.

SECTION 132. Amends Section 36.05, Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 133. Amends Section 36.06, Alcoholic Beverage Code, effective September 1, 2019, to make conforming and nonsubstantive changes.

SECTION 134. Amends Section 36.07, Alcoholic Beverage Code, effective September 1, 2019, to make conforming and nonsubstantive changes.

SECTION 135. Amends Section 36.08, Alcoholic Beverage Code, effective September 1, 2019, to make conforming and nonsubstantive changes.

SECTION 136. Amends Section 37.01(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 137. Amends Section 37.01(c), Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 138. Amends the heading to Chapter 38, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

CHAPTER 38. INDUSTRIAL USE OF ALCOHOL

SECTION 139. Amends Section 38.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 38.01. AUTHORIZED ACTIVITIES. (a) Defines "industrial alcohol" for purposes of this section.

(b) Authorizes a person to:

- (1) manufacture, rectify, refine, transport, and store industrial alcohol;
- (2) denature industrial alcohol;
- (3) sell denatured or industrial alcohol to qualified persons inside or outside the state; and
- (4) blend industrial alcohol with petroleum distillates and sell or use the resulting product as a motor fuel.

(c) Creates this subsection from existing text and makes a conforming change.

SECTION 140. Amends Section 38.05, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 38.05. OTHER CODE PROVISIONS INAPPLICABLE. Provides that the provisions of this code do not apply to alcohol intended for industrial, medicinal, mechanical, or scientific purposes, rather than providing that no provisions of this code other than this chapter apply to alcohol intended for industrial, medicinal, mechanical, or scientific purposes.

SECTION 141. Amends Section 38.06, Alcoholic Beverage Code, effective September 1, 2019, to make a nonsubstantive change.

SECTION 142. Amends Section 43.01, Alcoholic Beverage Code, as follows:

Sec. 43.01. AUTHORIZED ACTIVITIES. Deletes existing Subsection (b) and the designation of Subsection (a). Authorizes a warehouse or transfer company that holds a local cartage permit to transport liquor for hire inside the corporate limits of any city or town in the state.

SECTION 143. Amends Section 43.04, Alcoholic Beverage Code, as follows:

Sec. 43.04. ELIGIBILITY FOR PERMIT. Deletes existing text authorizing TABC to issue a local cartage permit to holder of a package store, wine only package store, or local distributor's permit.

SECTION 144. Amends Chapter 48, Alcoholic Beverage Code, as follows:

CHAPTER 48. New heading: PASSENGER TRANSPORTATION PERMIT

Sec. 48.01. AUTHORIZED ACTIVITIES. Provides that a passenger transportation permit authorizes the permit holder to sell or serve the types of alcoholic beverages specifically authorized by this chapter. Deletes existing text providing that the holder of a passenger train beverage permit has the same rights with respect to the sale of alcoholic beverages on a passenger train to which this chapter applies as the holder of an airline beverage permit has with respect to the sale of alcoholic beverages on a commercial passenger airplane under Section 34.01 (Authorized Activities) of this code.

Sec. 48.02. New heading: PERMIT FOR EXCURSION BOAT. (a) Authorizes a passenger transportation permit to be issued for:

(1) a regularly scheduled excursion boat which is licensed by the United States Coast Guard to carry passengers on the navigable waters of the state if the boat:

(A) carries at least 45 passengers;

(B) weighs at least 35 gross tons; and

(C) is at least 55 feet long; or

(2) a boat that:

(A) carries at least 350 passengers;

(B) weighs at least 90 gross tons; and

(C) is at least 80 feet long.

(b) Authorizes the holder of a passenger transportation permit issued under Subsection (a)(1) to sell the same alcoholic beverages as the holder of a mixed beverage permit if:

(1) the home port of the boat is in an area where the sale of mixed beverages is legal or the boat is regularly used for voyages in international waters as provided by Subsection (h); and

(2) the owner or operator of the boat is the sole permit holder for the boat.

(c) Authorizes the holder of a passenger transportation permit issued under Subsection (a)(1) to sell the same alcoholic beverages as the holder of a wine and malt beverage retailer's permit if the home port of the boat is in an area where the sale of malt beverages and wine is legal.

(d) Authorizes the holder of a passenger transportation permit issued under Subsection (a)(2) to sell the same alcoholic beverages as the holder of a mixed beverage permit if:

(1) the home port of the boat is in an area where the sale of mixed beverages is legal; or

(2) the boat is regularly used for voyages in international waters as provided by Subsection (h).

(e) Provides that a passenger transportation permit issued under this section is inoperative in a dry area.

(f) Provides that, for purposes of Section 11.38 (Local Fee Authorized), the home port of the boat is treated as the location of the permitted premises.

(g) Provides that the provisions of Section 109.53 (Citizenship of Permittee; Control of Premises; Subterfuge Ownership; Etc.) that relate to residency requirements and compliance with Texas laws of incorporation do not apply to the holder of a passenger transportation permit under this section.

(h) Authorizes a passenger transportation permit to be issued under this section to a boat regularly used for voyages in international waters regardless of whether the sale of mixed beverages is lawful in the area of the home port. Authorizes a person having authority to deliver alcoholic beverages to a passenger transportation permit holder in the county where the permitted premises is located to deliver alcoholic beverages purchased by the permit holder. Deletes existing text providing that the annual fee for a passenger train beverage permit is \$500.

Sec. 48.03. New heading: PERMIT FOR AIRLINE. (a) Creates this subsection from existing text. Authorizes a passenger transportation permit to be issued to any corporation operating a commercial airline in or through the state, rather than authorizing TABC or the administrator to issue a passenger train beverage permit.

(b) Authorizes the holder of a passenger transportation permit issued under this section to:

(1) sell or serve alcoholic beverages in or from any size container on a commercial passenger airplane operated in compliance with a valid license, permit, or certificate issued under the authority of the United States or of this state, even though the plane, in the course of its flight, may cross an area in which the sale of alcoholic beverages is prohibited; and

(2) store alcoholic beverages in sealed containers of any size at any airport regularly served by the permittee, in accordance with rules and regulations promulgated by TABC.

(c) Authorizes only the holder of a package store permit to sell liquor to the holder of a passenger transportation permit issued under this section. Requires a sale of liquor to a holder of a passenger transportation permit, for the purposes of this code, to be considered as a sale at retail to a consumer.

(d) Authorizes the holder of a package store permit to sell liquor in any size container authorized by Section 101.46 (Containers of Liquor: Minimum Capacities) to holders of a passenger transportation permit issued under this section, and to purchase liquor in any size container for resale from the holders of a wholesaler's permit. Authorizes a holder of a wholesaler's permit to import, sell, offer for sale, or possess for resale to package store permittees to resell to holders of a passenger transportation permit liquor in any authorized size containers.

(e) Provides that the preparation and service of alcoholic beverages by the holder of a passenger transportation permit issued under this section is exempt from a tax imposed by this code and from the tax imposed by Chapter 151 (Limited Sales, Excise, and Use Tax Code).

(f) Provides that Section 109.53 does not apply to a passenger transportation permit issued under this section.

Sec. 48.04. PERMIT FOR PASSENGER TRAIN. (a) Creates this section from existing text. Authorizes a passenger transportation permit to be issued to any corporation organized under the Business Organizations Code or former Title 112, Revised Statutes, or under the Rail Passenger Service Act of 1970, as amended (45 U.S.C.A. Section 501 et seq.), operating a commercial passenger train service in or through the state.

(b) Authorizes the holder of a passenger transportation permit issued under this section to sell or serve alcoholic beverages in or from any size container on a passenger train even though the train, in the course of its travel, may cross an area in which the sale of alcoholic beverages is prohibited. Deletes existing text requiring application and payment of the fee to be made directly to TABC.

(c) Deletes existing Section 48.04 heading. Makes conforming and nonsubstantive changes to this subsection.

(d) Provides that Section 109.53 does not apply to a passenger transportation permit issued under this section.

Sec. 48.05. PERMIT FOR PASSENGER BUS. (a) Deletes existing text providing that Section 109.53 of this code does not apply to a passenger train beverage permit. Creates this subsection from existing text. Authorizes a passenger transportation permit to be issued to any corporation operating a commercial passenger bus service in or through the state using a passenger bus that:

(1) is designed and used for the regularly scheduled intercity transportation of passengers for compensation;

(2) is characterized by integral construction with:

(A) an elevated passenger deck over a baggage compartment;

(B) a passenger seating capacity of at least 16 and not more than 36; and

(C) a separate galley area;

(3) is at least 35 feet in length; and

(4) while transporting passengers for compensation, also transports an attendant who:

(A) is not the operator of the bus; and

(B) has attended a TABC-approved seller training program.

(b) Authorizes the holder of a passenger transportation permit issued under this section to:

(1) sell or serve alcoholic beverages in or from any size container on a passenger bus even though the bus, in the course of its drive, may cross an area in which the sale of alcoholic beverages is prohibited; and

(2) store alcoholic beverages at the permitted location.

(c) Provides that the preparation and service of alcoholic beverages by the holder of a passenger transportation permit issued under this section is exempt from a tax imposed by this code and from the tax imposed by Chapter 151, Tax Code.

(d) Provides that Section 109.53 does not apply to a passenger transportation permit issued under this section.

(e) Authorizes only a holder of a wholesale permit to sell liquor to the holder of a passenger transportation permit issued under this section. Requires a sale of liquor to the holder of a passenger transportation permit issued under this section to be considered as a sale at retail to a consumer.

SECTION 145. Amends Section 50.001, Alcoholic Beverage Code, to make conforming changes.

SECTION 146. Amends the heading to Chapter 51, Alcoholic Beverage Code, to read as follows:

CHAPTER 51. OPERATION OF MINIBARS

SECTION 147. Amends Section 51.02, Alcoholic Beverage Code, as follows:

Sec. 51.02. AUTHORIZED ACTIVITIES. Authorizes the holder of a mixed beverage permit issued for operation in a hotel, rather than a minibar permit, to sell certain alcoholic beverages out of a minibar. Makes conforming changes.

SECTION 148. Amends Section 51.03, Alcoholic Beverage Code, as follows:

Sec. 51.03. LIMITED ACCESS TO MINIBAR. (a) Requires the minibar key to be different from the hotel guestroom key and prohibits the mixed beverage permittee from providing the minibar key to any person who is not of legal drinking age. Makes a nonsubstantive change.

(b) Makes a conforming change to this subsection.

SECTION 149. Amends Sections 51.04(a), (c), and (d), Alcoholic Beverage Code, to make conforming changes.

SECTION 150. Amends Section 51.06, Alcoholic Beverage Code, to make conforming changes.

SECTION 151. Amends Section 51.07, Alcoholic Beverage Code, to make conforming changes.

SECTION 152. Amends Sections 55.01(a), (b), and (c), Alcoholic Beverage Code, to make conforming changes.

SECTION 153. Amends Section 55.03, Alcoholic Beverage Code, as follows:

Sec. 55.03. ELIGIBILITY FOR PERMIT. Authorizes a manufacturer's agent's warehousing permit to be issued to an entity:

(1) that receives malt beverages from another entity, or that other entity's immediate successor in interest, that, rather than that receives beer, ale, or malt liquor from another entity, or that other entity's immediate successor in interest, that:

(A) makes no changes to this paragraph;

(B) has held, for the two years preceding the date of the application:

(i) creates this subparagraph from existing text;

(ii) a nonresident brewer's license and a nonresident seller's permit;
or

(iii) a combination of Subparagraph (i) and Subparagraph (ii), rather than for the two years preceding the date of the application;
and

(C) makes conforming changes to this paragraph; and

(2) whose employees, located in this state or elsewhere, perform the activities authorized under Chapters 36 and 73 on behalf of the entity, rather than whose

employees, located in this state or elsewhere, hold permits and licenses issued under Chapters 36 and 73 to perform the activities authorized under those chapters on behalf of the entity.

SECTION 154. Amends Section 55.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 155. Amends Section 55.05, Alcoholic Beverage Code, to make conforming changes.

SECTION 156. Amends Section 56.02, Alcoholic Beverage Code, to make conforming changes.

SECTION 157. Amends Section 56.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 158. Amends Section 61.01, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 159. Amends Sections 61.03(a) and (b), Alcoholic Beverage Code, to provide that, except as provided by Subsections (d) and (e) or another provision of this code, any license except a branch license expires on the second anniversary of the date on which it is issued, rather than providing that except as provided by Subsections (d) and (e) or another provision of this code, any license except a branch, importer's, importer's carrier's, or temporary license expires on the second anniversary of the date on which it is issued. Deletes existing text requiring TABC, notwithstanding Section 5.50(b), to require double the amount of fees and surcharges otherwise applicable under this code for a license with a two-year term. Makes conforming changes.

SECTION 160. Amends Section 61.05, Alcoholic Beverage Code, as follows:

Sec. 61.05. NAME OF BUSINESS. Prohibits a person from conducting a business engaged in the brewing, distribution, importation, or sale of malt beverages as owner or part owner except under the name to which the license covering the person's place of business is issued, rather than prohibiting a person from conducting a business engaged in the manufacture, distribution, importation, or sale of beer as owner or part owner except under the name to which the license covering his place of business is issued.

SECTION 161. Amends Section 61.06, Alcoholic Beverage Code, to make conforming changes.

SECTION 162. Amends Section 61.07, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 163. Amends Section 61.09, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.09. CHANGE OF LOCATION. Deletes existing text requiring the county judge, in the case of a required protest hearing, to deny the application for any cause for which an original license application may be denied.

SECTION 164. Amends Section 61.111(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 165. Amends Section 61.12, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 166. (a) Amends Section 61.31, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.31. APPLICATION FOR LICENSE. (a) Makes no changes to this subsection. Deletes existing text requiring TABC or the administrator, on receipt of an application, to determine whether a protest has been filed against the application, requiring TABC or the administrator, if a protest against the application has been filed, to investigate the protest, requiring TABC or administrator, if TABC or the administrator finds that no reasonable grounds exist

for the protest, or if no protest has been filed, to issue a license if TABC or the administrator finds that all facts stated in the application are true and no legal ground to refuse a license exists, requiring TABC or the administrator, if TABC or the administrator finds that reasonable grounds exist for the protest, to reject the protested application and require the applicant to file the application with the county judge of the county in which the applicant desires to conduct business and submit to a hearing. Requires TABC, on receipt of an application for a license under this code, to follow the procedure under Section 11.43.

Deletes existing Subsection (b) and text requiring the county judge to set a protested application for a hearing to be held not less than 5 nor more than 10 days after the date the county judge receives the protested application.

(c) Requires each applicant for an original license to pay the annual license fee prescribed by this code. Deletes existing text requiring each applicant for an original license, other than a branch or temporary license, to pay a hearing fee of \$25 to the county clerk at the time of the hearing, and text requiring the county clerk to deposit the fee in the county treasury, and providing that the applicant is liable for no other fee except the annual license fee prescribed by this code.

(d) Makes nonsubstantive changes to this subsection.

(b) Amends Section 61.31, Alcoholic Beverage Code, effective September 1, 2021, to make conforming and nonsubstantive changes and replace references to beer with references to malt beverages.

SECTION 167. Amends Subchapter B, Chapter 61, Alcoholic Beverage Code, effective December 31, 2020, by adding Sections 61.313 and 61.314, as follows:

Sec. 61.313. PROTEST BY MEMBER OF THE PUBLIC. (a) Authorizes a member of the public to protest an application for:

(1) an original retail dealer's on-premise license if a sexually oriented business is to be operated on the premises to be covered by the license;

(2) any renewal of a retail dealer's on-premise license if a sexually oriented business is to be operated on the premises to be covered by the license and a petition is presented to TABC that is signed by 50 percent of the residents who reside within 300 feet of any property line of the affected premises; or

(3) a license authorizing the retail sale of malt beverages for on-premises consumption if the person resides within 300 feet of any property line of the premises for which the license is sought.

(b) Authorizes TABC, in addition to the situations described by Subsection (a), by rule to authorize a member of the public to protest other license applications TABC considers appropriate.

(c) Requires a protest made under this section to include an allegation of grounds on which the original or renewal application, as applicable, should be denied.

Sec. 61.314. PROTEST BY GOVERNMENT OFFICIAL. (a) Authorizes the following persons to protest an application for an alcoholic beverage license:

(1) the state senator, state representative, county commissioner, and city council member who represent the area in which the premises sought to be licensed are located;

(2) the commissioners court of the county in which the premises sought to be licensed are located;

(3) the county judge of the county in which the premises sought to be licensed are located;

(4) the sheriff or county or district attorney of the county in which the premises sought to be licensed are located;

(5) the mayor of the city or town in which the premises sought to be licensed are located; and

(6) the chief of police, city marshal, or city attorney of the city or town in which the premises sought to be permitted are located.

(b) Authorizes TABC to give due consideration to the recommendations of a person listed under Subsection (a) when evaluating an application for a license under this code.

SECTION 168. Amends Section 61.34(d), Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

SECTION 169. Amends Sections 61.35(a) and (b), Alcoholic Beverage Code, to make conforming changes.

SECTION 170. Amends Section 61.36(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 171. Amends Section 61.36(d), Alcoholic Beverage Code, effective December 31, 2020, to make a conforming change.

SECTION 172. Amends Sections 61.37(a) and (b), Alcoholic Beverage Code, effective September 1, 2019, to require the county clerk or city secretary or clerk of the city, as applicable, to issue the certification not later than the 30th day after the date that person receives the application for certification.

SECTION 173. Amends Section 61.38(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 174. Amends Section 61.381(c), Alcoholic Beverage Code, effective September 1, 2019, to provide that this section does not apply to an applicant for a license issued under Chapter 64 (General Distributor's License), 66 (Branch Distributor's License), or 71, rather than Chapter 64, 65, 66, or 71.

SECTION 175. Amends Section 61.382(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 176. (a) Amends Section 61.41(c), Alcoholic Beverage Code, effective December 31, 2020, to authorize TABC to deny reinstatement of the license for any cause for which an original license application is authorized to be denied, rather than authorizing the county judge or TABC or the administrator to deny reinstatement of the license for any cause for which an original license application may be denied.

(b) Amends Sections 61.41(c) and (d), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 177. (a) Amends Section 61.42(a), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Requires the county judge to refuse to approve an application for a license as a distributor or retailer if the county judge has reasonable grounds to believe and finds that:

(1)–(2) makes no changes to these subdivisions;

(3) makes nonsubstantive changes to this subdivision;

(4) the applicant has developed an incapacity that prevents or could prevent the applicant from conducting the applicant's business with reasonable skill, competence, and safety to the public, rather than the applicant is in the habit of using alcoholic beverages to excess or is mentally or physically incompetent;

(5)–(7) makes nonsubstantive changes to these subdivisions; or

(8) deletes existing text providing that this subdivision does not apply to an applicant for a beer retailer's on-premise license for a railway car.

(b) Amends Section 61.42, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.42. New heading: MANDATORY GROUNDS FOR DENIAL: DISTRIBUTOR OR RETAILER. Makes conforming and nonsubstantive changes to this section.

(c) Amends Section 61.42(c), Alcoholic Beverages Code, effective September 1, 2021, to make conforming and nonsubstantive changes and replace a reference to beer with a reference to malt beverages.

SECTION 178. Amends the heading to Section 61.421, Alcoholic Beverage Code, effective December 31, 2020, to read as follows:

Sec. 61.421. DENIAL OF LICENSE AUTHORIZING ON-PREMISES CONSUMPTION.

SECTION 179. Amends Section 61.421(b), Alcoholic Beverage Code, effective December 31, 2020, to require TABC to deny an application for an original or renewal license authorizing on-premises consumption of alcoholic beverages if TABC has reasonable grounds to believe and finds that, rather than requiring TABC or the administrator, with or without a hearing, or the county judge, to refuse to issue or approve an original or renewal license authorizing on-premises consumption of alcoholic beverages if TABC, the administrator, or the county judge, has reasonable grounds to believe and finds that, during the three years preceding the date the license application was filed, a license or permit previously held under this code by the applicant, a person who owns the premises for which the license is sought, or an officer of a person who owns the premises for which the license is sought was canceled or not renewed as a result of a shooting, stabbing, or other violent act.

SECTION 180. Amends Section 61.421(c), Alcoholic Beverage Code, to make conforming changes.

SECTION 181. Amends Section 61.43, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.43. New heading: DISCRETIONARY GROUNDS FOR DENIAL: DISTRIBUTOR OR RETAILER. Authorizes TABC to deny an application for a license as a distributor or retailer if TABC, rather than authorizing the county judge to refuse to approve an application for a license as a distributor or retailer if the county judge, has reasonable grounds to believe and finds that the applicant has committed certain violations.

SECTION 182. (a) Amends Section 61.44, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.44. New heading: DENIAL OF DISTRIBUTOR'S OR RETAILER'S LICENSE: PROHIBITED INTERESTS. Makes conforming and nonsubstantive changes to this section.

(b) Amends Section 61.44(b), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to a manufacturer's license with references to a brewer's license.

SECTION 183. (a) Amends Section 61.45, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.45. New heading: DENIAL OF RETAILER'S OR DISTRIBUTOR'S LICENSE: PROHIBITED INTEREST IN PREMISES. Makes conforming changes to this section.

(b) Amends Section 61.45(a), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to a manufacturer's license with references to a brewer's license.

SECTION 184. Amends the heading to Section 61.46, Alcoholic Beverage Code, to read as follows:

Sec. 61.46. BREWER'S LICENSE: GROUNDS FOR DENIAL.

SECTION 185. Amends Section 61.46(a), Alcoholic Beverage Code, to provide that this section does not apply to a holder of a subsequent renewal of a license, rather than a manufacturer's license, which was in effect on January 1, 1953, that authorized the license holder to manufacture a type of malt beverage. Makes a conforming change.

SECTION 186. (a) Amends Section 61.46(b), Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

(b) Amends Section 61.46(b), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 187. Amends Section 61.48, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.48. RENEWAL APPLICATION. Prohibits an applicant for a renewal from being required to pay any fee other than license fees and the filing fee, rather than prohibiting an applicant for a renewal from being required to pay any fee other than license fees and the filing fee unless the applicant is required by TABC or the administrator to submit to a renewal hearing before the county judge. Makes nonsubstantive changes.

SECTION 188. Amends Section 61.49, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.49. ACTION ON RENEWAL APPLICATION BY COMMISSION; REFUND OF FEE. Requires TABC, when the renewal application has been filed in accordance with Section 61.48, to follow the procedure under Section 11.43. Deletes existing text authorizing TABC or the administrator, when the renewal application has been filed in accordance with Section 61.48, to in its discretion issue a renewal license or if an application for a renewal is protested reject the application and require the applicant to file an application with the county judge and submit to a hearing as is required by Section 61.31 (Application For License).

SECTION 189. Amends Section 61.50, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.50. New heading: RENEWAL OF RETAIL DEALER'S LICENSE: GROUNDS FOR DENIAL. Makes conforming changes to this section.

SECTION 190. (a) Amends Section 61.71(a), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Authorizes TABC or the administrator to suspend for not more than 60 days or cancel an original or renewal retail dealer's on- or off-premise license if it is found, after notice and hearing, that the licensee:

(1)–(22) makes no changes to this subdivision;

(23) has developed an incapacity that prevents or could prevent the license holder from managing the license holder's establishment with reasonable skill, competence, and safety to the public, rather than habitually uses alcoholic beverages to excess, is mentally incompetent, or is physically unable to manage the licensee's establishment; or

(24)–(30) makes no changes to these subdivisions.

(b) Amends Section 61.71(a), Alcoholic Beverage Code, effective September 1, 2021, to make conforming and nonsubstantive changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 191. Amends Section 61.712, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.712. GROUNDS FOR CANCELLATION OR SUSPENSION: SALES TAX. Authorizes TABC, rather than TABC or the administrator, to deny an application for a renewal license, rather than refuse to renew, or, after notice and hearing, TABC or the administrator is authorized to suspend for not more than 60 days or cancel a license if TABC or the administrator finds that the licensee meets certain requirements.

SECTION 192. (a) Amends Section 61.721, Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

(b) Amends Section 61.721, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace a reference to a beer retailer's permit with a reference to a malt beverage retailer's permit.

SECTION 193. Amends Section 61.73, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 194. (a) Amends Section 61.74(a), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Authorizes TABC or the administrator to suspend for not more than 60 days or cancel an original or renewal general or branch distributor's license, rather than an original or renewal general, local, or branch distributor's license, if it is found, after notice and hearing, that the licensee:

(1)–(3) makes no changes to these subdivisions;

(4) makes a nonsubstantive change to this subdivision;

(5) makes no change to this subdivision;

(6)–(11) makes nonsubstantive changes to these subdivisions;

(12) has developed an incapacity that prevents or could prevent the license holder from managing the license holder's establishment with reasonable skill, competence, and safety to the public, rather than habitually uses alcoholic beverages to excess, is mentally incompetent, or is physically unable to manage his establishment;

(13) makes a nonsubstantive change to this subdivision;

(14)–(15) makes no changes to these subdivisions;

(b) Amends Section 61.74(a), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 195. Amends Section 61.75, Alcoholic Beverage Code, as follows:

Sec. 61.75. New heading: **SUSPENSION OF BREWER'S LICENSE**. Authorizes TABC or the administrator, if a brewer, rather than a manufacturer, violates a provision of this code or a rule of TABC, to order the brewer, rather than order the manufacturer, to cease and desist from the violation and to suspend its license, after notice and hearing, until the licensee obeys the order.

SECTION 196. Amends Section 61.79, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.79. New heading: **NOTICE OF HEARING: DENIAL, CANCELLATION, OR SUSPENSION OF LICENSE**. Makes conforming and nonsubstantive changes to this section.

SECTION 197. Amends Section 61.81, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 61.81. New heading: **APPEAL FROM CANCELLATION OR SUSPENSION OF LICENSE**. Makes conforming and nonsubstantive changes to this section.

SECTION 198. Amends Section 61.84(a), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 199. Section 61.85(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 200. Amends Section 61.86, Alcoholic Beverages Code, effective September 1, 2019, as follows:

Sec. 61.86. New heading: **DISCIPLINE FOR ACTIONS OF AGENT; RECORDS RETENTION**. (a) Creates this subsection from existing text and makes conforming changes.

(b) Requires the holder of a license who is represented by an agent to maintain records relating to the agent's activities, including any representation agreement, employment records, or similar documents for not less than four years from the date the record is created.

SECTION 201. Amends Section 61.87, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 61.87. **AFFIRMATION OF COMPLIANCE**. Prohibits a person who holds a license under Chapter 64 (General Distributor's License) or 66 (Branch Distributor's License),

rather than Chapter 64, 65 (Local Distributor's License), or 66, from being subject to an administrative sanction for selling or delivering an alcoholic beverage to a retailer not authorized to purchase and receive the alcoholic beverage if the license holder meets certain criteria.

SECTION 202. Amends the heading to Chapter 62, Alcoholic Beverage Code, to read as follows:

CHAPTER 62. BREWER'S LICENSE

SECTION 203. Amends Section 62.01, Alcoholic Beverage Code, to make conforming changes.

SECTION 204. (a) Amends Section 62.03(a), Alcoholic Beverage Code, effective December 31, 2020, to prohibit TABC, rather than TABC, the administrator, or the county judge, from approving an application unless it is accompanied by the required sworn statement.

(b) Amends Section 62.03, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 205. Amends Sections 62.04(a), (b), and (c), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 206. Amends Section 62.05(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 207. Amends Section 62.07, Alcoholic Beverage Code, as follows:

Sec. 62.07. New heading: IMPORTATION OF MALT BEVERAGES: CONTAINERS, USE OF TANK CARS. Prohibits a person from shipping malt beverages into the state in tank cars. Makes conforming and nonsubstantive changes.

SECTION 208. (a) Amends Section 62.08, Alcoholic Beverage Code, effective September 1, 2019, by adding Subsection (e), as follows:

(e) Requires the holder of a manufacturer's or distributor's license to register with TABC each warehouse used by the manufacturer or distributor to store beer. Requires TABC by rule to determine the information that is required to register a warehouse under this subsection.

(b) Amends Section 62.08, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and to replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 209. Amends Section 62.09, Alcoholic Beverage Code, as follows:

Sec. 62.09. New heading: MALT BEVERAGES FOR EXPORT. Makes conforming and nonsubstantive changes to this section.

SECTION 210. Amends Section 62.11, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 211. Amends the heading to Section 62.122, Alcoholic Beverage Code, to read as follows:

Sec. 62.122. SALES BY CERTAIN BREWERS TO CONSUMERS.

SECTION 212. (a) Amends Section 62.122, Alcoholic Beverage Code, effective September 1, 2019, by amending Subsections (a), (c), and (e) and adding Subsections (a-1), (e-1), and (g), as follows:

(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 wholly or partly owned, directly or indirectly, by the license holder or an affiliate or subsidiary of the license holder, 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:

(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 the sales to a consumer on the manufacturer's premises for off-premises consumption are limited to 576 fluid ounces of beer and ale combined per calendar day.

(c) Authorizes the holder of a manufacturer's license, subject to Subsections (b), (d), and (e), 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 or for off-premises consumption even if the annual production limit prescribed by Subsection (a) is exceeded if the license holder meets certain requirements.

(e) Makes conforming changes to this subsection.

(e-1) Provides that TABC:

(1) is authorized to require the holder of a manufacturer's license who sells beer to ultimate consumers under this section to report to TABC each month, in the manner prescribed by TABC, the total amounts of beer sold by the permit holder under this section during the preceding month for:

(A) responsible consumption on the manufacturer's premises; and

(B) off-premises consumption;

(2) by rule is required to adopt a simple form for a report required under Subdivision (1); and

(3) is required to maintain reports received under this subsection for public review.

(g) Authorizes the holder of a manufacturer's license whose annual production exceeds the limit prescribed by Subsection (a) and who was legally operating a facility with on-premise sales under Subsection (a) or Section 12.052(a) on February 1, 2017, notwithstanding any other provision of this code, to establish not more than two additional facilities with on-premise sales under Subsection (a) or Section 12.052(a) if each premises:

(1) does not produce more than a total of 225,000 barrels of beer and ale combined; and

(2) complies with the requirements of:

(A) Subsections (b) and (e); and

(B) Sections 12.052(b) and (e).

(b) Amends Section 62.122, Alcoholic Beverage Code, by amending Subsections (a), (b), (c), and (e) and adding Subsections (a-1), (e-1), and (g), to make conforming changes and to replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 213. Amends Sections 62.14(a), (b), (b-1), (c), and (e), Alcoholic Beverage Code, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 214. Amends Chapter 62, Alcoholic Beverage Code, by adding Section 62.15, as follows:

Sec. 62.15. IMPORTING MALT BEVERAGES. (a) Defines "importer" to mean a person who imports malt beverages into the state in quantities in excess of 288 fluid ounces in any one day.

(b) Authorizes the holder of a brewer's license to import malt beverages into this state only from the holder of a nonresident brewer's license and to transport those beverages into this state only:

(1) in a motor vehicle that is:

(A) owned or leased in good faith by the license holder; and

(B) printed or painted with the designation required by TABC; or

(2) by a railway carrier or by a motor carrier registered under Chapter 643 (Motor Carrier Registration), Transportation Code, or with the Federal Motor Carrier Safety Administration.

(c) Requires the holder of a brewer's license transporting malt beverages under Subsection (b)(1) to provide to TABC:

(1) a full description of each motor vehicle used by the license holder for transporting malt beverages; and

(2) any other information TABC requires.

(d) Requires a carrier transporting malt beverages as authorized by Subsection (b)(2) to hold a carrier permit issued under Chapter 41 (Carrier Permit) and provides that the provisions of Chapter 41 relating to the transportation of liquor apply to the transportation of the malt beverages. Prohibits a carrier from transporting malt beverages into the state unless it is consigned to an importer.

SECTION 215. Amends the heading to Chapter 62A, Alcoholic Beverage Code, to read as follows:

CHAPTER 62A. BREWER'S SELF-DISTRIBUTION LICENSE

SECTION 216. Amends Section 62A.01, Alcoholic Beverage Code, to make conforming changes.

SECTION 217. Amends Section 62A.02, Alcoholic Beverage Code, to make conforming changes.

SECTION 218. Amends Section 62A.04(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 219. Amends the heading to Chapter 63, Alcoholic Beverage Code, to read as follows:

CHAPTER 63. NONRESIDENT BREWER'S LICENSE

SECTION 220. Amends Section 63.01, Alcoholic Beverage Code, to make conforming changes.

SECTION 221. Amends Section 63.03, Alcoholic Beverage Code, to make conforming changes.

SECTION 222. Amends Section 63.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 223. Amends Sections 63.05(a), (b), (b-1), (c), and (e), Alcoholic Beverage Code, to make conforming changes.

SECTION 224. Amends Section 64.01(a), Alcoholic Beverage Code, to as follows:

(a) Makes conforming changes and authorizes the holder of a general distributor's license to:

(1) receive malt beverages in unbroken original packages from brewers and brewpubs and from general or branch distributors, rather than general, local, or branch distributors;

(2) distribute or sell malt beverages in the unbroken original packages in which they are received to general or branch distributors, rather than general, branch, or local distributors, or to certain other entities or persons; and

(3) serve free malt beverages for consumption on licensed premises.

SECTION 225. Amends Section 64.03, Alcoholic Beverage Code, as follows:

Sec. 64.03. New heading: **SALE OF MALT BEVERAGES TO PRIVATE CLUBS.** Makes conforming and nonsubstantive changes to this section.

SECTION 226. Amends Section 64.04(a), Alcoholic Beverage Code, to require each holder of a general or branch distributor's license, rather than a general, local, or branch distributor's license, to make and keep a daily record of every receipt of malt beverages and of every sale of malt beverages, including the name of each purchaser. Makes conforming and nonsubstantive changes.

SECTION 227. Amends Section 64.07, Alcoholic Beverage Code, as follows:

Sec. 64.07. **MAY SHARE PREMISES.** (a) Makes conforming and nonsubstantive changes to this subsection.

(b) Deletes existing text providing that the provisions of Section 42.03 (Application of Motor Carrier Laws) of this code do not apply and no distributor or wholesaler is required to obtain the certificate or permit described by that section to share a delivery vehicle for the transportation of liquor or beer. Makes conforming and nonsubstantive changes.

(c) Makes conforming and nonsubstantive changes to this subsection.

SECTION 228. (a) Amends Sections 64.08(a) and (c), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(a) Authorizes the holder of a general distributor's license to sell beer, rather than sell beer to the holder of an industrial permit, for use as an ingredient in the manufacturing and processing of food products.

(c) Prohibits a person, rather than the industrial permittee, from reselling beer purchased under this section or otherwise using the beer for beverage purposes.

(b) Amends Section 64.08, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 64.08. New heading: MALT BEVERAGES FOR USE IN FOOD PRODUCTS INDUSTRY. (a) Makes conforming and nonsubstantive changes to this section and replaces references to beer and manufacturers with references to malt beverages and brewers.

SECTION 229. Amends Section 64.09, Alcoholic Beverage Code, as follows:

Sec. 64.09. New heading: MALT BEVERAGES FOR EXPORT. (a) Defines "malt beverages for export" for purposes of this section.

(b)-(d) Makes conforming changes to these subsections.

SECTION 230. Amends Chapter 64, Alcoholic Beverage Code, by adding Section 64.10, as follows:

Sec. 64.10. IMPORTING MALT BEVERAGES. (a) Defines "importer" to mean a person who imports malt beverages into the state in quantities in excess of 288 fluid ounces in any one day.

(b) Authorizes the holder of a general distributor's license to import malt beverages into this state only from the holder of a nonresident brewer's license and to transport those beverages into this state only:

(1) in a motor vehicle that is:

(A) owned or leased in good faith by the license holder; and

(B) printed or painted with the designation required by TABC; or

(2) by a railway carrier or by a motor carrier registered under Chapter 643, Transportation Code, or with the Federal Motor Carrier Safety Administration.

(c) Requires the holder of a general distributor's license transporting malt beverages under Subsection (b)(1) to provide to TABC:

(1) a full description of each motor vehicle used by the license holder for transporting malt beverages; and

(2) any other information TABC requires.

(d) Requires a carrier transporting malt beverages as authorized by Subsection (b)(2) to hold a carrier permit issued under Chapter 41 and provides that the provisions of Chapter 41 relating to the transportation of liquor apply to the transportation of the malt beverages. Prohibits a carrier from transporting malt beverages into the state unless it is consigned to an importer.

SECTION 231. Amends Section 66.03(a), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 232. Amends Section 66.07, Alcoholic Beverage Code, as follows:

Sec. 66.07. New heading: SALE OF MALT BEVERAGES TO PRIVATE CLUBS. Makes conforming and nonsubstantive changes to this section.

SECTION 233. Amends Section 66.11, Alcoholic Beverage Code, as follows:

Sec. 66.11. New heading: MALT BEVERAGES FOR EXPORT. Makes conforming and nonsubstantive changes to this section.

SECTION 234. Amends Section 69.01, Alcoholic Beverage Code, to make conforming changes.

SECTION 235. Amends Section 69.04, Alcoholic Beverage Code, to make a conforming change.

SECTION 236. Amends Sections 69.06(a), (b), and (c), Alcoholic Beverage Code, effective December 31, 2020, to make conforming and nonsubstantive changes.

SECTION 237. Amends Section 69.10, Alcoholic Beverage Code, as follows:

Sec. 69.10. New heading: STORING OR POSSESSING MALT BEVERAGES OFF PREMISES PROHIBITED. Makes a conforming change to this section.

SECTION 238. Amends Section 69.11, Alcoholic Beverage Code, as follows:

Sec. 69.11. New heading: EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP. Makes conforming and nonsubstantive changes to this section.

SECTION 239. Amends Section 69.13, Alcoholic Beverage Code, to make conforming and nonsubstantive changes to this section.

SECTION 240. Amends Section 69.17(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 241. Amends Chapter 69, Alcoholic Beverage Code, by adding Section 69.18, as follows:

Sec. 69.18. SALES AT TEMPORARY LOCATION. (a) Authorizes the holder of a retail dealer's on-premise license to temporarily sell malt beverages in or from any lawful container to ultimate consumers:

- (1) at a picnic, celebration, or similar event; and
- (2) in the county where the license is issued.

(b) Authorizes the holder of a retail dealer's on-premise license to temporarily sell malt beverages under this section for not more than four consecutive days at the same location.

(c) Requires TABC to adopt rules to implement this section, including rules that:

- (1) require the license holder to notify TABC of the dates on which and location where the license holder will temporarily offer malt beverages for sale under this section;
- (2) establish a procedure to verify the wet or dry status of the location where the license holder intends to temporarily sell malt beverages under this section;
- (3) detail the circumstances when a license holder is authorized to temporarily sell malt beverages under this section with just a notification to TABC and the circumstances that require the TABC's preapproval before a license holder is authorized to temporarily sell malt beverages under this section; and

(4) require the license holder to provide any other information TABC determines necessary.

SECTION 242. Amends Section 71.01, Alcoholic Beverage Code, to make a conforming change.

SECTION 243. Amends Section 71.06, Alcoholic Beverage Code, as follows:

Sec. 71.06. New heading: **STORING OR POSSESSING MALT BEVERAGES OFF PREMISES PROHIBITED**. Makes conforming and nonsubstantive changes to this section.

SECTION 244. Amends Section 71.07, Alcoholic Beverage Code, as follows:

Sec. 71.07. New heading: **EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP**. Makes conforming and nonsubstantive changes to this section.

SECTION 245. Amends Section 71.09, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 246. Amends Section 71.10(a), Alcoholic Beverage Code, to require each holder of a retail dealer's off-premise license to display in a prominent place on the licensee's premises a certain sign. Sets forth language for the required sign.

SECTION 247. Amends Section 71.11, Alcoholic Beverage Code, as follows:

Sec. 71.11. New heading: **MALT BEVERAGE SAMPLING**. (a) Makes a conforming change to this subsection.

(b) Makes a conforming change to this subsection.

(c) Makes no changes to this subsection.

(d) Makes a conforming change to this subsection.

SECTION 248. (a) Amends the heading to Chapter 73, Alcoholic Beverage Code, effective September 1, 2019, as follows:

CHAPTER 73. BEER AGENT

(b) Amends the heading to Chapter 73, Alcoholic Beverage Code, effective September 1, 2021, as follows:

CHAPTER 73. MALT BEVERAGE AGENT

SECTION 249. (a) Amends Section 73.01, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 73.01. **AUTHORIZED ACTIVITIES**. (a) Creates this subsection from existing text. Authorizes a person, rather than the holder of an agent's beer license, subject to the limitations imposed in Section 73.011 or elsewhere in this code, acting as an employee or representative of a licensed manufacturer of beer located inside or outside the state or as an employee or representative of a licensed distributor to promote and sell beer through certain methods. Makes nonsubstantive changes.

(b) Authorizes a person acting as a beer agent to represent only one permitted or licensed business at a time while soliciting or taking orders.

(b) Amends Section 73.01, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and to replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 250. (a) Amends Section 73.011, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 73.011. New heading: LIMITATIONS ON AUTHORITY OF BEER AGENT. (a) Makes conforming and nonsubstantive changes to this subsection.

(b) Makes conforming and nonsubstantive changes to this subsection.

(b) Amends Section 73.011, Alcoholic Beverage Code, effective September 1, 2021, to make conforming and nonsubstantive changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 251. Amends Section 74.01, Alcoholic Beverage Code, as follows:

Sec. 74.01. AUTHORIZED ACTIVITIES. (a) Makes conforming and nonsubstantive changes to this subsection.

(b)-(d) Makes conforming changes to this subsection.

(e) Deletes existing Subsections (e) (relating to certain prohibitions applicable to the holder of a retail dealer's on-premise license who obtains a brewpub license) and (g) (relating to authorizing the holder of a brewpub license to deliver malt liquor, ale, or beer manufactured by the holder to other locations for certain purposes) and makes conforming changes.

SECTION 252. Amends Section 74.03, Alcoholic Beverage Code, to make conforming changes.

SECTION 253. Amends Section 74.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 254. (a) Amends Section 74.05, Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

(b) Amends Section 74.05, Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to malt liquor, ale, or beer with references to malt beverages.

SECTION 255. Amends Section 74.06, Alcoholic Beverage Code, to make conforming changes.

SECTION 256. Amends Section 74.07, Alcoholic Beverage Code, to make conforming changes.

SECTION 257. Amends Sections 74.08(a) and (d), Alcoholic Beverage Code, as follows:

Deletes authorization to sell malt liquor or ale produced under the license to those retailers or qualified persons to whom the holder of a general class B wholesaler's permit may sell malt liquor or ale under Section 20.01 from a list of activities that the holder of a brewpub license who meets certain criteria is authorized to perform and makes nonsubstantive and conforming changes.

SECTION 258. Amends Section 74.09, Alcoholic Beverage Code, effective December 1, 2020, to make conforming changes.

SECTION 259. Amends Section 81.003, Alcoholic Beverage Code, to make conforming changes and to delete existing text specifying that a certain hearing is a hearing under Section 81.004 or 81.005 (Cancellation or Suspension of Permit or License).

SECTION 260. Amends Section 81.004, Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes and delete references to notice and opportunity for a certain hearing.

SECTION 261. Amends Section 81.006, Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

SECTION 262. Amends Sections 81.007(a), (b), (b-1), and (c), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(a) Makes conforming changes to this subsection.

(b) Authorizes a hearings officer, rather than a hearings officer or county judge, to issue an order under this section on the hearings officer's, rather than on the hearings officer's or county judge's, own motion or the motion of certain other persons.

(b-1) Makes conforming changes to this subsection.

(c) Authorizes TABC, rather than the hearings officer or county judge, to impose any sanction on a person who violates an order issued under subsection (a) that is necessary to secure compliance with the order.

SECTION 263. Amends Sections 101.01(c) and (d), Alcoholic Beverage Code, effective December 31, 2020, as follows:

(c) Deletes existing text requiring the district clerk to notify the county judge of the county where the premises covered by the permit or license are located.

(d) Makes nonsubstantive changes to this subsection.

SECTION 264. Amends Section 101.32(b), Alcoholic Beverage Code, to make a conforming change.

SECTION 265. Amends Section 101.41, Alcoholic Beverage Code, as follows:

Sec. 101.41. New heading: CONTAINERS, PACKAGING, AND DISPENSING EQUIPMENT OF MALT BEVERAGES: LABELS. (a) Makes conforming changes to this subsection.

(b) Makes conforming changes to this subsection.

SECTION 266. Amends Section 101.42, Alcoholic Beverage Code, as follows:

Sec. 101.42. New heading: RETURNABLE CONTAINER: ACCEPTANCE BY ANOTHER BREWER. Makes conforming changes to this section.

SECTION 267. Amends Section 101.43(a), Alcoholic Beverage Code, to prohibit a brewer or distributor, directly or indirectly, or through a subsidiary, affiliate, agent, employee, officer, director, or firm member, from selling or otherwise introducing into commerce a brewery product that is misbranded, rather than prohibiting a manufacturer or distributor, directly or indirectly, or through a subsidiary, affiliate, agent, employee, officer, director, or firm member, from selling or otherwise introducing into commerce a brewery product that is misbranded

SECTION 268. Amends Section 101.46(b), Alcoholic Beverage Code, to provide that Subsection (a) does not apply to permittees or licensees while engaged in supplying mixed beverage permittees or passenger transportation permittees under Section 48.03 or 48.05, nor to the possession or sale of liquor by a mixed beverage permittee or a passenger transportation permittee under Section 48.03 or 48.05, but none of the permittees or licensees covered by this subsection is authorized to possess liquor in a container with a capacity of less than one fluid ounce, rather than providing that Subsection (a) of this section does not apply to permittees or

licensees while engaged in supplying airline beverage, mixed beverage permittees, or passenger bus beverage permittees, nor to the possession or sale of liquor by an airline beverage, mixed beverage, or a passenger bus beverage permittee, but none of the permittees or licensees covered by this subsection is authorized to possess liquor in a container with a capacity of less than one fluid ounce.

SECTION 269. Amends Section 101.48, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 270. Amends Section 101.66, Alcoholic Beverage Code, is amended to read as follows:

Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT PROHIBITED. Prohibits a person from manufacturing, selling, bartering, or exchanging a beverage that contains more than one-half of one percent alcohol by volume and not more than five percent alcohol by volume, except malt beverages, wine coolers, and spirit coolers, rather than prohibiting a person from manufacturing, selling, bartering, or exchanging a beverage that contains alcohol in excess of one-half of one percent by volume and not more than four percent of alcohol by weight, except beer, wine coolers, and spirit coolers.

SECTION 271. (a) Amends Section 101.67, Alcoholic Beverage Code, effective December 31, 2020, as follows:

Sec. 101.67. PRIOR APPROVAL OF MALT BEVERAGES. (a) Deletes existing Subdivisions (1)–(2). Requires the licensee, before an authorized licensee is authorized to ship or cause to be shipped into the state, import into the state, manufacture and offer for sale in the state, or distribute, sell, or store in the state any malt beverages, to register the malt beverages with TABC, rather than prohibiting a person from shipping or causing to be shipped into the state, importing into the state, manufacturing and offering for sale in the state, or distributing, selling, or storing in the state any beer, ale, or malt beverages, the licensee is required to register the malt beverages with TABC. Requires the registration application to include a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau for the product. Deletes existing text relating to testing and labelling requirements a person can satisfy in order to take certain otherwise prohibited actions.

(b) Authorizes only a brewer's or nonresident brewer's permittee, a manufacturer's or nonresident manufacturer's licensee, or a brewpub licensee to apply to register malt beverages with TABC, rather than authorizing only a brewer's or nonresident brewer's permittee, a manufacturer's or nonresident manufacturer's licensee, or a brewpub licensee to apply for and receive label approval on beer, ale, or malt liquor.

(c) Makes no changes to this subsection.

(d) Requires TABC, on registration of a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau, to approve the product under this section and issue a letter to that effect to the licensee unless TABC determines the product, despite having a valid federal certificate of label approval, would create a public safety concern, create a cross-tier violation, or otherwise violate this code.

(d-1) Deletes existing text requiring TABC, if TABC determines that the product tested and label submitted under Subsection (a) comply with the provisions of this code and the rules of TABC, to issue a certificate of approval upon receipt of a fee in an amount that is sufficient to cover the cost of administering this section. Requires TABC, if TABC approves the product, to issue a certificate of approval upon receipt of a fee in an amount that is sufficient to cover the cost of administering this section.

(e) Requires TABC, not later than the 30th day after the date TABC receives an application for registration of a product under this section, to either approve or deny the registration application. Entitles the licensee submitting the application, if TABC denies the application for a product with a valid federal certificate of label approval or fails to act on the application within the time required by this subsection, to an administrative hearing before SOAH. Deletes existing text authorizing TABC to require proof by affidavit or otherwise that a laboratory performing a test under Subsection (a)(1)(A) is independent.

(f) Requires TABC by rule to establish procedures for:

(1) accepting federal certificates of label approval for registration under this section;

(2) registering alcoholic beverage products that are not eligible to receive a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau; and

(3) registering alcoholic beverage products during periods when the United States Alcohol and Tobacco Tax and Trade Bureau has ceased processing applications for a certificate of label approval.

(g) Requires TABC to consider the nutrition label requirements of the United States Food and Drug Administration (FDA) and the alcohol label requirements of the United States Alcohol and Tobacco Tax and Trade Bureau in developing the label requirements to register products described by Subsection (f)(2).

(h) Prohibits the rules adopted under this section from requiring testing for alcohol content as part of the process for registering an alcoholic beverage with TABC.

(b) Amends Sections 101.67(b) and (c), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer, ale, and malt liquor and manufacturers with references to malt beverages and brewers.

SECTION 272. (a) Amends Subchapter D, Chapter 101, Alcoholic Beverage Code, effective September 1, 2019, is amended by adding Section 101.6701, as follows:

Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT BEVERAGES. (a) Provides that this section applies only to:

(1) the holder of a brewer's permit authorized under Section 12.052 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 and for off-premises consumption; and

(2) the holder of a manufacturer's license authorized under Section 62.122 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 and for off-premises consumption.

(b) Authorizes a permit or license holder to whom this section applies, notwithstanding Sections 101.41 and 101.67 or any other law, to sell beer, ale, or malt liquor to ultimate consumers for consumption on the permit or license holder's premises or for off-premises consumption without receiving label approval for the beer, ale, or malt liquor.

(c) Requires a permit or license holder who sells beer, ale, or malt liquor under Subsection (b) to:

(1) post in a conspicuous place on the permit or license holder's premises the alcohol content of the beer, ale, or malt liquor in percentage of alcohol by volume; and

(2) provide in writing to an ultimate consumer who purchases beer, ale, or malt liquor for off-premises consumption:

(A) the product name of the beer, ale, or malt liquor; and

(B) the alcohol content of the beer, ale, or malt liquor in percentage of alcohol by volume.

(d) Provides that a permit or license holder satisfies the requirement of Subsection (c)(2) if the permit or license holder:

(1) writes the product name and alcohol content on the container of the beer, ale, or malt liquor; or

(2) applies a label with the product name and alcohol content to the container of the beer, ale, or malt liquor.

(b) Amends Subchapter D, Chapter 101, Alcoholic Beverage Code, by adding Section 101.6701, effective September 1, 2021, as follows:

Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT BEVERAGES. (a) Provides that this section applies only to the holder of a brewer's license authorized under Section 62.122 to sell malt beverages produced on the brewer's premises under the license to ultimate consumers on the brewer's premises for responsible consumption on the brewer's premises and for off-premises consumption.

(b) Authorizes a license holder to whom this section applies, notwithstanding Sections 101.41 and 101.67 or any other law, to sell malt beverages to ultimate consumers for consumption on the license holder's premises or for off-premises consumption without receiving label approval for the malt beverages.

(c) Requires a license holder who sells beer, ale, or malt liquor under Subsection (b) to:

(1) post in a conspicuous place on the license holder's premises the alcohol content of the malt beverages in percentage of alcohol by volume; and

(2) provide in writing to an ultimate consumer who purchases a malt beverage for off-premises consumption:

(A) the product name of the malt beverage; and

(B) the alcohol content of the malt beverage in percentage of alcohol by volume.

(d) Provides that a license holder satisfies the requirement of Subsection (c)(2) if the permit or license holder:

(1) writes the product name and alcohol content on the container of the malt beverage; or

(2) applies a label with the product name and alcohol content to the container of the malt beverage.

SECTION 273. Amends Section 101.671, Alcoholic Beverage Code, effective December 31, 2020, by amending Subsections (b) and (d) and adding Subsections (c-1), (e), and (f), as follows:

(b) Requires TABC, on registration of a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau, to approve the product under this section and issue a letter to that effect to the permittee unless TABC determines the product, despite having a valid federal certificate of label approval, would create a public safety concern, create a cross-tier violation, or otherwise violate this code.

(c-1) Requires TABC, not later than the 30th day after the date TABC receives an application for registration of a product under this section, to either approve or deny the registration application. Provides that, if TABC denies the application for a product with a valid federal certificate of label approval or fails to act on the application within the time required by this subsection, the permittee submitting the application is entitled to an administrative hearing before SOAH.

(d) Requires TABC by rule, rather than authorizing TABC by rule, to establish procedures for:

(1) creates this subdivision from existing text, redesignates existing Subdivisions (1) and (2) as Paragraphs (A) and (B), and makes a nonsubstantive change; and

(2) registering alcoholic beverage products that are not eligible to receive a certificate of label approval issued by the United States Alcohol and Tobacco Tax and Trade Bureau.

(e) Requires TABC to consider the nutrition label requirements of the FDA and the alcohol label requirements of the United States Alcohol and Tobacco Tax and Trade Bureau in developing the label requirements to register products described by Subsection (d)(2).

(f) Prohibits the rules adopted under this section from requiring testing for alcohol content as part of the process for registering an alcoholic beverage with TABC.

SECTION 274. Amends Section 101.72(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 275. Amends Section 102.03(a), Alcoholic Beverage Code, to provide that this section applies to the holder of a distiller's and rectifier's, winery, wholesaler's, or class B wholesaler's permit, rather than providing that this section applies to the holder of a brewer's, distiller's and rectifier's, winery, wholesaler's, or class B wholesaler's, or wine bottler's permit

SECTION 276. Amends Section 102.04(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 277. Amends Section 102.05, Alcoholic Beverage Code, to make conforming changes.

SECTION 278. Amends Section 102.06, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 102.06. New heading: RELATIONSHIP BETWEEN AGENT AND PACKAGE STORE. Prohibits an agent acting under Chapter 35 or 36 from directly or indirectly having an interest in a package store permit or wine only package store permit or be residentially domiciled with a person who has a financial interest in a package store permit or wine only package store permit, rather than prohibiting a holder of an agent's or

manufacturer's agent's permit from directly or indirectly having an interest in a package store permit or wine only package store permit or be residentially domiciled with a person who has a financial interest in a package store permit or wine only package store permit.

SECTION 279. Amends Section 102.07(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 280. Amends Section 102.07(f), Alcoholic Beverage Code, as effective April 1, 2019, to make conforming and nonsubstantive changes.

SECTION 281. Amends Section 102.07(g), Alcoholic Beverage Code, to make conforming changes.

SECTION 282. Amends Sections 102.071(d) and (e), Alcoholic Beverage Code, to make conforming changes.

SECTION 283. Amends Section 102.11, Alcoholic Beverage Code, as follows:

Sec. 102.11. New heading: **BREWER OR DISTRIBUTOR: PROHIBITED INTERESTS.** Makes conforming changes to this section.

SECTION 284. Amends Section 102.12, Alcoholic Beverage Code, as follows:

Sec. 102.12. New heading: **COMMERCIAL BRIBERY BY BREWER OR DISTRIBUTOR.** Makes conforming and nonsubstantive changes to this section.

SECTION 285. Amends Section 102.13, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 286. Amends Section 102.14, Alcoholic Beverage Code, as follows:

Sec. 102.14. New heading: **BREWER OR DISTRIBUTOR: FURNISHING EQUIPMENT OR FIXTURES.** Makes conforming changes to this section.

SECTION 287. Amends Section 102.15, Alcoholic Beverage Code, as follows:

Sec. 102.15. New heading: **BREWER OR DISTRIBUTOR: PROHIBITED DEALINGS WITH RETAILER.** Makes conforming and nonsubstantive changes to this section.

SECTION 288. Amends Section 102.17, Alcoholic Beverage Code, to make conforming changes.

SECTION 289. Amends Section 102.18, Alcoholic Beverage Code, as follows:

Sec. 102.18. New heading: **BREWER: PROHIBITED INTERESTS.** (a) Makes conforming and nonsubstantive changes to this subsection.

(b) Makes conforming and nonsubstantive changes to this subsection.

SECTION 290. Amends Section 102.21, Alcoholic Beverage Code, as follows:

Sec. 102.21. New heading: **CONTINUITY OF CERTAIN PROTECTIONS FOR MALT BEVERAGE DISTRIBUTORS.** Makes conforming changes to this section.

SECTION 291. Amends Section 102.22(a), Alcoholic Beverage Code, to make conforming changes to this section.

SECTION 292. Amends Section 102.31(a), Alcoholic Beverage Code, as follows:

(a) Provides that this section applies to:

(1) makes conforming changes to this subdivision;

(2) the sale of malt beverages by a local distributor's permittee, or by any licensee authorized to sell those beverages for resale, to a mixed beverage permittee, rather than to a mixed beverage or daily temporary mixed beverage permittee.

SECTION 293. Amends Sections 102.32(a)(1) and (2), Alcoholic Beverage Code, to redefine "wholesale dealer" and "retailer."

SECTION 294. Amends the heading to Subchapter C, Chapter 102, Alcoholic Beverage Code, to read as follows:

SUBCHAPTER C. TERRITORIAL LIMITS ON SALE OF MALT BEVERAGES

SECTION 295. Amends Section 102.51, Alcoholic Beverage Code, to make conforming changes.

SECTION 296. Amends Section 102.52, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 297. Amends Section 102.53, Alcoholic Beverage Code, to make conforming changes.

SECTION 298. (a) Amends Sections 102.54(a) and (b), Alcoholic Beverage Code, effective December 31, 2020, to make conforming changes.

(b) Amends Sections 102.54(a) and (b), Alcoholic Beverage Code, effective September 1, 2021, to make conforming changes and replace references to beer and manufacturers with references to malt beverages and brewers.

SECTION 299. Amends Section 102.54(d)(2), Alcoholic Beverage Code, to make conforming changes.

SECTION 300. Amends Sections 102.55(a) and (c), Alcoholic Beverage Code, to redefine "brand" and "brand extension" and to define "brewer," rather than "manufacturer."

SECTION 301. Amends Section 102.56, Alcoholic Beverage Code, to make conforming changes.

SECTION 302. Amends the heading to Subchapter D, Chapter 102, Alcoholic Beverage Code, as follows:

SUBCHAPTER D. MALT BEVERAGE INDUSTRY FAIR DEALING LAW

SECTION 303. Amends Sections 102.71(1), (2), (4), and (5), Alcoholic Beverage Code, to redefine "this Act," "agreement," "territory," and "sales territory," and to define "brewer," rather than "manufacturer."

SECTION 304. Amends Sections 102.72(a) and (b), Alcoholic Beverage Code, to make conforming changes.

SECTION 305. Amends Sections 102.73(a) and (c), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 306. Amends Section 102.74, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 307. Amends Sections 102.75(a) and (b), Alcoholic Beverage Code, to make conforming changes.

SECTION 308. Amends Section 102.76, Alcoholic Beverage Code, to make conforming changes.

SECTION 309. Amends Section 102.77, Alcoholic Beverage Code, as follows:

Sec. 102.77. REASONABLE COMPENSATION. (a) Makes conforming changes to this subsection.

(b) Makes conforming changes and requires arbitration or certain other proceedings to be conducted in accordance with Chapter 171, Civil Practice and Remedies Code, rather than the Texas General Arbitration Act, as amended (Article 224, Revised Civil Statutes of Texas, 1925).

SECTION 310. Amends Section 102.78, Alcoholic Beverage Code, as follows:

Sec. 102.78. RIGHT OF FREE ASSOCIATION. Prohibits a brewer or distributor from restricting or inhibiting, directly or indirectly, the right of free association among brewers or distributors for any lawful purpose, rather than prohibiting a manufacturer or distributor from restricting or inhibiting, directly or indirectly, the right of free association among manufacturers or distributors for any lawful purpose.

SECTION 311. Amends Section 102.79(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 312. Amends Section 102.81, Alcoholic Beverage Code, as follows:

Sec. 102.81. New heading MALT BEVERAGES. Provides that this subchapter and Subchapter C apply to agreements concerning all malt beverages in the same manner, rather than providing that this subchapter and Subchapter C of this chapter apply to agreements concerning ale and malt liquor in the same manner as they apply to agreements concerning beer, and each particular class of permittee dealing with ale and malt liquor is subject to those provisions that apply to functionally corresponding licensees within the beer industry.

SECTION 313. Amends Section 103.08, Alcoholic Beverage Code, as follows:

Sec. 103.81. New heading: SALE OF MALT BEVERAGE. (a) Makes conforming changes to this subsection.

(b)-(d) Makes conforming changes to these subsections.

SECTION 314. Amends Section 103.09(b), Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 315. Amends Section 104.01(a), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 316. Amends Section 104.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 317. Amends Sections 104.05(a), (b), (c), and (e), Alcoholic Beverage Code, to make conforming changes.

SECTION 318. Amends Sections 105.03(c) and (d), Alcoholic Beverage Code, to make conforming changes.

SECTION 319. (a) Amends Section 105.04, Alcoholic Beverage Code, effective September 1, 2019, to read as follows:

Sec. 105.04. HOURS OF SALE: WINE AND BEER RETAILER. The hours of sale and delivery for alcoholic beverages sold under a wine and beer retailer's permit or a wine and beer retailer's off-premise permit are the same as those prescribed for the sale of beer under Section 105.05 (Hours of Sale: Beer), rather than under Section 105.05 of this code, except that no sale shall be allowed between 2 a.m. and noon on Sunday.

(b) Amends Section 105.04, Alcoholic Beverage Code, effective September 1, 2021, as follows:

Sec. 105.04. New heading: HOURS OF SALE: WINE AND MALT BEVERAGE RETAILER. Makes conforming changes and replaces references to beer with references to malt beverages.

SECTION 320. (a) Amends Section 105.05(b), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(b) Makes nonsubstantive changes. Authorizes a person to sell, offer for sale, or deliver beer between 7 a.m. and midnight on any day except Sunday. Authorizes a person, on Sunday a person to sell beer between midnight and 1:00 a.m. and between noon and midnight, except that:

(1) creates this subsection from existing text; and

(2) holders of a retail dealer's on-premise license or a retail dealer's off-premise license may also sell beer for off-premise consumption between 10:00 a.m. and noon.

(b) Amends Section 105.05, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 105.05. New heading: HOURS OF SALE: MALT BEVERAGES. Makes conforming changes and replaces references to beer with references to malt beverages.

SECTION 321. Amends Section 105.051, Alcoholic Beverage Code, as follows:

Sec. 105.051. New heading: SALE OF MALT BEVERAGES BY DISTRIBUTOR'S LICENSEE. Makes conforming changes to this section.

SECTION 322. Amends Section 105.082, Alcoholic Beverage Code, as follows:

Sec. 105.082. New heading: HOURS OF SALE AND CONSUMPTION: BREWER. Deletes Subsections (a)-(b) and existing text relating to authorizing the holder of a brewer's permit to sell, offer for sale, or deliver ale or malt liquor and authorizing a person to consume ale or malt liquor on the brewer's premises at certain times. Authorizes the holder of a brewer's license to sell, offer for sale, and deliver malt beverages and authorizes a person to consume malt beverages on the brewer's premises during certain hours. Makes conforming changes.

SECTION 323. Amends Section 106.09(d), Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 324. Amends Section 106.16(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 325. Amends Section 107.02, Alcoholic Beverage Code, as follows:

Sec. 107.02. New heading: TRANSPORTATION OF MALT BEVERAGES: STATEMENT REQUIRED. Makes conforming changes to this section.

SECTION 326. Amends Section 107.04, Alcoholic Beverage Code, as follows:

Sec. 107.04. New heading: DELIVERY OF MALT BEVERAGES IN DRY AREA. Makes conforming changes to this section.

SECTION 327. Amends Section 107.06, Alcoholic Beverage Code, as follows:

Sec. 107.06. New heading: IMPORTATION OF MALT BEVERAGES. Makes conforming changes to this section.

SECTION 328. Amends Section 107.09, Alcoholic Beverage Code, to make conforming changes.

SECTION 329. Amends Section 107.10, Alcoholic Beverage Code, as follows:

Sec. 107.10. TRANSPORTATION OF WINE COOLERS OR SPIRIT COOLERS. (a) Authorizes a holder of a wholesaler's or general class B wholesaler's permit to transport and sell wine coolers without a prior order if the holder complies with the provisions of this code and rules of TABC applicable to the transportation and sale of malt beverages by a holder of a distributor's license, rather than authorizing a holder of a wholesaler's, general class B wholesaler's, or local class B wholesaler's permit to transport and sell wine coolers without a prior order if the holder complies with the provisions of this code and TABC rules applicable to the transportation and sale of beer by a holder of a distributor's license.

(b) Makes conforming changes to this subsection.

SECTION 330. Amends Section 108.01(a), Alcoholic Beverage Code, to make a conforming change.

SECTION 331. Amends Section 108.03, Alcoholic Beverage Code, to make a conforming change.

SECTION 332. Amends Section 108.035, Alcoholic Beverage Code, to make conforming changes.

SECTION 333. Amends Section 108.04, Alcoholic Beverage Code, to make conforming changes.

SECTION 334. Amends Section 108.041, Alcoholic Beverage Code, to make conforming changes.

SECTION 335. Amends Section 108.042, Alcoholic Beverage Code, effective September 1, 2019, to make conforming and nonsubstantive changes.

SECTION 336. Amends Section 108.05, Alcoholic Beverage Code, to make a conforming change.

SECTION 337. Amends Section 108.06, Alcoholic Beverage Code, to make conforming changes.

SECTION 338. Amends Sections 108.061(a) and (e), Alcoholic Beverage Code, to make conforming changes.

SECTION 339. Amends Section 108.08(b), Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 340. Amends Section 108.10, Alcoholic Beverage Code, to make conforming changes.

SECTION 341. Amends Section 108.52(c), Alcoholic Beverage Code, effective September 1, 2019, as follows:

(c) Deletes existing Subdivisions (1)–(5) and text relating to providing language for certain signs licensees and permittees are authorized to display. Requires TABC to adopt reasonable rules relating to the type of outdoor advertising retail licensees and permittees are authorized to erect or maintain on the retailer's premises. Provides that a violation of a rule adopted under this section is a violation of this code. Deletes existing text authorizing retail licensees and permittees to erect or maintain certain signs.

SECTION 342. Amends Section 108.53, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 108.53. New heading: ADVERTISING SIGNS. Deletes existing Subsections (a)-(d) relating to certain prohibitions, requirements, and procedures relating to billboards and signs. Requires TABC, consistent with other provisions of this code, to promulgate rules allowing for signs advertising alcoholic beverages at charitable or civic events such as fairs, rodeos, or other events of a temporary nature. Provides that this section, rather than this subsection, does not authorize, nor is TABC rule required to authorize, a retailer of alcoholic beverages to derive, directly or indirectly, any money or consideration of any kind as a result of alcoholic beverage advertising, and requires TABC's rules to reflect the intent that the charity or civic endeavor receive the proceeds, if any, from such advertising signs.

SECTION 343. Amends Section 108.73(1), Alcoholic Beverage Code, to define "independent concessionaire."

SECTION 344. Amends Section 109.04, Alcoholic Beverage Code, as follows:

Sec. 109.04. New heading: SALE OF MALT BEVERAGES: PROCEDURE. (a) Makes conforming changes to this section.

(b)-(c) Makes conforming changes to these subsections.

SECTION 345. Amends Section 109.05(a), Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes and replace a reference to manufacturer's agent's permittees with a reference to nonresident seller's agents.

SECTION 346. Amends Section 109.08, Alcoholic Beverage Code, to make conforming changes.

SECTION 347. Amends Section 109.21, Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 348. Amends Section 109.22, Alcoholic Beverage Code, as follows:

Sec. 109.22. New heading: DELIVERY OF HOME-PRODUCED WINE OR MALT BEVERAGES FOR CERTAIN PURPOSES. Makes conforming changes to this section.

SECTION 349. Amends Section 109.32, Alcoholic Beverage Code, as follows:

Sec. 109.32. New heading: MUNICIPAL AND COUNTY REGULATION OF MALT BEVERAGES. Makes conforming changes to this section.

SECTION 350. Amends Sections 109.33(f) and (g), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 351. Amends Section 109.53, Alcoholic Beverage Code, as follows:

Sec. 109.53 CITIZENSHIP OF PERMITTEE; CONTROL OF PREMISES; SUBTERFUGE OWNERSHIP; ETC. Makes conforming and nonsubstantive changes. Deletes existing text creating an exception for brewer's permits, and other such licenses and as are necessary to the operation of a brewer's permit, to certain requirements related to issuance of permits.

SECTION 352. Amends Section 109.531, Alcoholic Beverage Code, as follows:

Sec. 109.531. New heading: ADDITIONAL REQUIREMENTS FOR APPLICATION OR RENEWAL OF PERMIT, LICENSE, OR CERTIFICATE BY OUT-OF-STATE RESIDENTS. Requires a person who has not been a citizen of this state for a period of one year preceding the date the person filed an application for a permit, license, or certificate under Chapter 25, 26, 28, 29, 30, 32, 48, 50, 69, 71, or 74, in addition to any other requirement for a license, permit, or certificate under this code, to perform certain actions, rather than requiring an application for a permit or license under Chapters 25–34, 44, 48–51, 69–72, or Chapter 74 of this code, in addition to any other requirement for a license or permit under this code, a person who has not been a citizen of this state for a period of one year preceding the date the person filed to provide certain information.

SECTION 353. Amends Section 109.54(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 354. Amends Section 109.57(e), Alcoholic Beverage Code, to authorize a municipality located in a county that has a population of 2.2 million or more and that is adjacent to a county with a population of more than 600,000 or a municipality located in a county with a population of 600,000 or more and that is adjacent to a county with a population of 2.2 million or more to regulate, in a manner not otherwise prohibited by law, the location of an establishment issued a permit under Chapter 32, rather than Chapter 32 or 33, if certain conditions are met.

SECTION 355. Amends Sections 109.62(c) and (e), Alcoholic Beverage Code, as follows:

(c) Authorizes a holder of one of the following permits or licenses, rather than a holder of a permit or license under Chapter 41, 42, or 68, to make deliveries to and pick up deliveries from the alternate location in the same manner as this code and TABC rules provide for the distributor's or wholesaler's licensed or permitted premises:

- (1) a distiller's and rectifier's permit;
- (2) a winery permit;
- (3) a wholesaler's permit;
- (4) a general class B wholesaler's permit;
- (5) a carrier permit;
- (6) a brewer's license; or
- (7) a general distributor's license.

(e) Makes conforming changes to this subsection.

SECTION 356. Amends Section 109.63(a), Alcoholic Beverage Code, to make conforming changes.

SECTION 357. Amends Section 109.64, Alcoholic Beverage Code, effective September 1, 2019, as follows:

Sec. 109.64. New heading: BULK PURCHASE FOR INDUSTRIAL USE. Provides that Section 102.32 applies to the bulk purchase of liquor for purposes described by Section 38.01, rather than the bulk purchase of liquor the holder of an industrial permit, from the holder of a wholesaler's permit.

SECTION 358. Amends the heading to Subchapter A, Chapter 201, Alcoholic Beverage Code, to read as follows:

SUBCHAPTER A. TAX ON LIQUOR

SECTION 359. Amends Section 201.01, Alcoholic Beverage Code, as follows:

Sec. 201.01. LIQUOR. Defines "liquor" for purposes of this subchapter.

SECTION 360. Amends Section 201.17, Alcoholic Beverage Code, as follows:

Sec. 201.17. LIQUOR IN METRIC CONTAINERS. Provides that, for the purpose of the taxes imposed on liquor by this subchapter, rather than taxes imposed on liquor by this subchapter and on ale and malt liquor by Subchapter B of this chapter, if the liquor is in metric containers the amount of tax due is determined by converting the metric amount into the equivalent amount in gallons and applying the appropriate tax rate. Requires TABC to prepare tables showing the amount of tax due on various types of liquor in metric containers, rather than various types of liquor, including ale and malt liquor, in metric containers.

SECTION 361. Amends Section 201.72, Alcoholic Beverage Code, to make a conforming change.

SECTION 362. Amends the heading to Chapter 203, Alcoholic Beverage Code, to read as follows:

CHAPTER 203. MALT BEVERAGE TAX

SECTION 363. Amends Section 203.01, Alcoholic Beverage Code, as follows:

Sec. 203.01. New heading: TAX ON MALT BEVERAGES. Provides that a tax is imposed on the first sale of malt beverages brewed, rather than the beer manufactured, in this state or imported into this state at the rate of six dollars per barrel.

SECTION 364. Amends Section 203.02, Alcoholic Beverage Code, as follows:

Sec. 203.02. "FIRST SALE." Defines "first sale" for purposes of this chapter and makes conforming changes.

SECTION 365. Amends Section 203.03(a), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 366. Amends Section 203.04, Alcoholic Beverage Code, as follows:

Sec. 203.04. New heading: TAX ON UNSALABLE MALT BEVERAGES. Makes conforming and nonsubstantive changes.

SECTION 367. Amends Sections 203.05(a) and (b), Alcoholic Beverage Code, to make conforming changes.

SECTION 368. Amends Section 203.06, Alcoholic Beverage Code, to make conforming changes.

SECTION 369. Amends Section 203.07(b), Alcoholic Beverage Code, to make conforming changes.

SECTION 370. Amends Sections 203.09(a) and (b), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 371. Amends Section 203.10, Alcoholic Beverage Code, to make a conforming change.

SECTION 372. Amends Section 203.11, Alcoholic Beverage Code, to make a conforming change.

SECTION 373. Amends Section 203.12, Alcoholic Beverage Code, to make a conforming change.

SECTION 374. Amends Sections 204.01(a), (b), (f), and (i), Alcoholic Beverage Code, to make conforming and nonsubstantive changes.

SECTION 375. Amends Section 204.03(d), Alcoholic Beverage Code, to delete existing text relating to the tax on ale and malt liquor imposed by Section 201.42 (Tax on Ale and Malt Liquor) of this code and to make conforming and nonsubstantive change.

SECTION 376. Amends Sections 251.725(a) and (b), Alcoholic Beverage Code, to make conforming changes.

SECTION 377. Amends Section 251.75, Alcoholic Beverage Code, as follows:

Sec. 251.75. New heading: CONTINUANCE OF OPERATION AS BREWER. Makes conforming and nonsubstantive changes.

SECTION 378. Amends Section 251.77, Alcoholic Beverage Code, to make conforming changes.

SECTION 379. Amends Section 251.79, Alcoholic Beverage Code, effective September 1, 2019, to make conforming changes.

SECTION 380. Amends Subchapter D, Chapter 251, Alcoholic Beverage Code, by adding Section 251.811, as follows:

Sec. 251.811. SALE OF MALT BEVERAGES. (a) Prohibits an alcoholic beverage license or permit holder, if before September 1, 2021, the sale of beer was approved in an area by a local option election that approved the sale of beer only, from selling in that area malt beverages containing more than five percent alcohol by volume unless a subsequent local option election approves the sale of malt beverages or malt beverages and other alcoholic beverages.

(b) Requires TABC, on the face of each retail license, to indicate whether the holder may only sell malt beverages that do not exceed five percent alcohol by volume.

SECTION 381. Amends Article 18.17(a), Code of Criminal Procedure, to make a nonsubstantive change and replace a reference to beer with a reference to malt beverages for purposes of certain provisions relating to contraband seized by a peace officer.

SECTION 382. Amends Section 501.001(1), Election Code, to define "alcoholic beverage," "commission," "liquor," "malt beverage," "mixed beverage," and "wine and vinous liquor."

SECTION 383. Amends Sections 501.035(a), (b), and (c), Election Code, as follows:

(a) Provides that, in the ballot issues prescribed by this section, "wine" is limited to vinous beverages that do not contain more than 17 percent alcohol by volume and "malt beverages" are limited to malt beverages that do not contain more than 17 percent alcohol by volume, rather than providing that, in the ballot issues prescribed by this section, "wine" is limited to vinous beverages that do not contain more than 17 percent alcohol by volume and includes malt beverages that do not exceed that alcohol by content.

(b) and (c) Makes conforming changes to these subsections.

SECTION 384. Amends Section 437.110(a), Government Code, to replace a reference to beer with a reference to malt beverages for purposes of authorizing a post exchange operated by the Texas Military Department to offer certain goods.

SECTION 385. Amends Section 466.155(a), Government Code, to replace references to beer and certain permits with references to malt beverages and a mixed beverage permit with a retailer late hours certificate and a private club registration permit with a retailer later hours certificate and to make conforming changes.

SECTION 386. Amends Section 431.2211(c), Health and Safety Code, effective September 1, 2019, to delete licenses or permits issued under Chapters 21 and 65, Alcoholic Beverages Code, from a list of issued licenses and permits relating to the distribution of beverages in sealed containers to which this subchapter does not apply.

SECTION 387. Amends Section 438.013(c), Health and Safety Code, to define "liquor dispensary."

SECTION 388. Amends Sections 1956.001(1) and (10), Occupations Code, to define "aluminum material" and "regulated metal."

SECTION 389. Amends Section 2401.002, Occupations Code, effective September 1, 2019, to make conforming changes.

SECTION 390. Amends Section 111.006(h), Tax Code, effective September 1, 2019, to make conforming changes.

SECTION 391. Amends Section 151.054(d), Tax Code, to make conforming changes.

SECTION 392. Amends Sections 151.461(1), (2), (5), and (6), Tax Code, to redefine "brewer," "retailer," and "wholesaler."

SECTION 393. Amends Section 151.462, Tax Code, as follows:

Sec. 151.462. New heading: REPORTS BY BREWERS, WHOLESALERS, AND DISTRIBUTORS. Makes conforming changes to this section.

SECTION 394. Amends Section 151.466, Tax Code, as follows:

Sec. 151.466. New heading: APPLICABILITY TO CERTAIN BREWERS. Makes a conforming change to this subsection.

SECTION 395. Amends Section 151.468(b), Tax Code, to make conforming changes.

SECTION 396. Amends Section 151.470, Tax Code, to make a conforming change.

SECTION 397. Amends Section 183.001(b)(1), Tax Code, to redefine "permittee."

SECTION 398. Amends Section 522.003(1), Transportation Code, to redefine "alcohol."

SECTION 399. Amends Section 643.002, Transportation Code, as follows:

Sec. 643.002. EXEMPTIONS. Provides that this chapter does not apply to:

(1)–(4) makes no changes to these subdivisions;

(5) a vehicle operating under:

(A) Section 14.07, Alcoholic Beverage Code, rather than a private carrier permit issued under Chapter 42, Alcoholic Beverage Code;

(B) Section 16.10, Alcoholic Beverage Code;

(C) Section 19.06, Alcoholic Beverage Code; or

(D) Section 20.04, Alcoholic Beverage Code; or

(6)–(7) makes no changes to these subdivisions.

SECTION 400. (a) Requires the Texas Sunset Advisory Commission (Sunset) staff, with assistance from the Texas Legislative Council (TLC) and TABC, to review the Texas Alcoholic Beverage Code and make recommendations to Sunset for both a modernization and a nonsubstantive technical revision of the code, including:

(1) identifying inconsistencies in authorities and treatment of different alcoholic beverages and regulated businesses;

(2) reviewing the use of the terms "license" for beer and "permit" for all other alcoholic beverages;

(3) identifying any needed technical changes, including:

(A) removing unconstitutional provisions and outdated language;

(B) updating the code's structure to comply with modern drafting standards; and

(C) correcting legal citations; and

(4) identifying changes needed to modernize the code within the three-tier system.

(b) Prohibits Sunset staff and TLC from considering changes to the overall three-tier regulatory system.

(c) Requires TLC, not later than September 1, 2022, to prepare a nonsubstantive revision of the Texas Alcoholic Beverage Code to implement any nonsubstantive recommendations made under Subsection (a) of this section.

(d) Requires Sunset staff, not later than September 1, 2022, to make substantive recommendations to Sunset to address any recommended changes to modernize the Texas Alcoholic Beverage Code that TLC determines cannot be included in a nonsubstantive code revision.

(e) Effective date, this section: September 1, 2019.

SECTION 401. (a) Requires the governor, not later than December 1, 2019, to appoint two additional members to TABC. Requires the two new members of TABC, at the first meeting of TABC after the additional members are appointed under this subsection, or as soon as practicable after that meeting, to draw lots to determine which member will serve a term expiring November 15, 2023, and which member will serve a term expiring November 15, 2025.

(b) Effective date, this section: September 1, 2019.

SECTION 402. (a) Provides that, except as provided by Subsection (b) of this section, Section 5.022, Alcoholic Beverage Code, as amended by this Act, applies to a member of TABC appointed before, on, or after the effective date of this Act.

(b) Provides that a member of the TABC who, before September 1, 2019, completed the training program required by Section 5.022, Alcoholic Beverage Code, as that law existed before September 1, 2019, is required to complete additional training only on subjects added by this Act to the training program as required by Section 5.022, Alcoholic Beverage Code, as amended by this Act. Prohibits a TABC member described by this subsection from voting, deliberating, or being counted as a member in attendance at a meeting of TABC held on or after December 1, 2019, until the member completes the additional training.

(c) Effective date, this section: September 1, 2019.

SECTION 403. (a) Requires TABC, not later than January 31, 2020, to adopt rules to implement the changes in law made by this Act to Section 5.361, Alcoholic Beverage Code, relating to developing a plan for inspecting alcoholic beverage licensees and permittees. Requires TABC to, with the assistance of the Legislative Budget Board, develop target goals for the percentage of licensed and permitted facilities TABC inspects each year.

(b) Requires TABC, not later than December 31, 2020, to adopt rules to implement Sections 11.43, 11.431, 11.432, 61.31, 61.313, and 61.314, Alcoholic Beverage Code, as amended or added by this Act, relating to the permit and license application and protest process.

(c) Requires TABC, not later than December 31, 2020, to adopt rules to implement the changes in law made by this Act to Sections 101.67 and 101.671, Alcoholic Beverage Code, relating to the registration of alcoholic beverages.

(d) Requires TABC, not later than December 31, 2019, to adopt the rules required by Section 108.52, Alcoholic Beverage Code, as amended by this Act, relating to outdoor advertising.

(e) Effective date, this section: September 1, 2019.

SECTION 404. (a) Requires TABC to adopt rules setting a fee for each original or renewal certificate, permit, and license as authorized by Section 5.50, Alcoholic Beverage Code, as amended by this Act, not later than September 1, 2021. Provides that the certificate, permit, and license fees established by TABC rule apply only to an original or renewal certificate, permit, or license issued on or after September 1, 2021. Provides that this subsection takes effect September 1, 2019.

(b) Provides that, effective September 1, 2021, the following provisions of the Alcoholic Beverage Code establishing the amount of a fee are repealed:

Repealer: Section 14.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 16.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 19.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 20.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 22.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 23.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 24.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 25.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 26.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 28.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 32.02 (Fees), Alcoholic Beverage Code.

Repealer: Section 37.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 38.04 (Fee), Alcoholic Beverage Code.

Repealer: Section 41.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 43.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 46.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 50.002 (Fee), Alcoholic Beverage Code.

Repealer: Section 51.05 (Fee), Alcoholic Beverage Code.

Repealer: Section 54.04 (Permit Fee), Alcoholic Beverage Code.

Repealer: Section 55.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 56.03 (Fee), Alcoholic Beverage Code.

Repealer: Section 62.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 62A.03 (Fee), Alcoholic Beverage Code.

Repealer: Section 63.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 64.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 66.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 69.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 69.03 (Issuance of License For Railway Cars), Alcoholic Beverage Code.

Repealer: Section 71.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 74.02 (Fee), Alcoholic Beverage Code.

SECTION 405. (a) Provides that, effective September 1, 2021, the following provisions of the Alcoholic Beverage Code are repealed:

Repealer: Chapter 12 (Brewer's Permit), Alcoholic Beverage Code.

Repealer: Chapter 12A (Brewer's Self-Distribution Permit), Alcoholic Beverage Code.

Repealer: Chapter 13 (Nonresident Brewer's Permit), Alcoholic Beverage Code.

Repealer: Chapter 17 (Winery Festival Permit), Alcoholic Beverage Code.

Repealer: Chapter 27 (Temporary and Special Wine and Beer Retailer's Permits), Alcoholic Beverage Code.

Repealer: Chapter 31 (Caterer's Permit), Alcoholic Beverage Code.

Repealer: Chapter 33 (Other Private Club Permits), Alcoholic Beverage Code.

Repealer: Chapter 34 (Airline Beverage Permit), Alcoholic Beverage Code.

Repealer: Chapter 42 (Private Carrier Permit), Alcoholic Beverage Code.

Repealer: Chapter 44 (Beverage Cartage Permit), Alcoholic Beverage Code.

Repealer: Chapter 45 (Storage Permit), Alcoholic Beverage Code.

Repealer: Chapter 48A (Passenger Bus Beverage Permit), Alcoholic Beverage Code.

Repealer: Chapter 52 (Package Store Tasting Permit), Alcoholic Beverage Code.

Repealer: Chapter 53 (Temporary Auction Permit), Alcoholic Beverage Code.

Repealer: Chapter 67 (Importer's License), Alcoholic Beverage Code.

Repealer: Chapter 68 (Importer's Carrier's License), Alcoholic Beverage Code.

Repealer: Chapter 70 (Retail Dealer's On-Premise Late Hours License), Alcoholic Beverage Code.

Repealer: Chapter 72 (Temporary Licenses), Alcoholic Beverage Code.

Repealer: Subchapter B (Tax on Ale and Malt Liquor), Chapter 201, Alcoholic Beverage Code.

Repealer: Section 1.04(12) (relating to defining "ale" and "malt liquor"), Alcoholic Beverage Code.

Repealer: Section 19.05 (Ale and Malt Liquor For Export), Alcoholic Beverage Code.

Repealer: Section 20.03 (Ale and Malt Liquor For Export), Alcoholic Beverage Code.

Repealer: Section 22.06(b) (relating to authorizing a package store permit and a retail dealer's off-premise license to be issued to the same person), Alcoholic Beverage Code.

Repealer: Section 22.07 (Violation When License Also Held), Alcoholic Beverage Code.

Repealer: Section 24.05(b) (relating to authorizing a person to hold both a wine only package store permit and a retail dealer's off-premise license), Alcoholic Beverage Code.

Repealer: Section 24.06 (Violation When License Also Held), Alcoholic Beverage Code.

Repealer: Section 25.03 (Railway Cars and Excursion Boats: Permits, Fees), Alcoholic Beverage Code.

Repealer: Section 28.13 (Issuance of Permit For Certain Boats), Alcoholic Beverage Code.

Repealer: Section 37.04 (Interest in Brewer's Permit), Alcoholic Beverage Code.

Repealer: Section 43.07 (Violation of Code, Rule), Alcoholic Beverage Code.

Repealer: Section 51.01 (Eligibility For Permit), Alcoholic Beverage Code.

Repealer: Section 62.06 (Issuance of Brewer's Permit), Alcoholic Beverage Code.

Repealer: Section 71.03 (Authority of Licensee Holding Package Store Permit or Wine Only Package Store Permit), Alcoholic Beverage Code.

Repealer: Section 107.07(d) (relating to authorizing a railroad company operating in this state to import beer owned by the company in quantities necessary to meet the needs of its passengers, but prohibiting it from selling or serving beer in a dry area), Alcoholic Beverage Code.

(b) Repealer, effective September 1, 2021: Section 151.461(3) (relating to defining "manufacturer"), Tax Code.

SECTION 406. (a) Provides that, effective December 31, 2020, the following provisions of the Alcoholic Beverage Code relating to the permit and license application and protest process are repealed:

Repealer: Section 5.435 (Public Participation in Licensing or Permitting Hearings), Alcoholic Beverage Code.

Repealer: Section 5.46 (Security For Costs), Alcoholic Beverage Code.

Repealer: Section 11.41 (Recommendation of Local Officials), Alcoholic Beverage Code.

Repealer: Section 25.051 (Masters in Certain Counties), Alcoholic Beverage Code.

Repealer: Section 25.052 (Delegation of Duties of County Judge), Alcoholic Beverage Code.

Repealer: Section 26.06 (Masters in Certain Counties), Alcoholic Beverage Code.

Repealer: Section 26.07 (Delegation of Duties of County Judge), Alcoholic Beverage Code.

Repealer: Section 61.311 (Masters in Certain Counties), Alcoholic Beverage Code.

Repealer: Section 61.312 (Delegation of Duties of County Judge), Alcoholic Beverage Code.

Repealer: Section 61.32 (Protest Hearing by County Judge), Alcoholic Beverage Code.

Repealer: Section 61.33 (Action by Commission or Administrator After Protest Hearing), Alcoholic Beverage Code.

Repealer: Section 61.34(a) (relating to authorizing an applicant to appeal a denial of an application by certain persons within a certain time period), Alcoholic Beverage Code.

Repealer: Section 61.34(b) (relating to requiring the applicant, if the judgment of the district court is in favor of the applicant, regardless of whether an appeal is taken, to present a copy of the judgment to TABC), Alcoholic Beverage Code.

Repealer: Section 61.39 (May Contest Application), Alcoholic Beverage Code.

Repealer: Section 61.47 (Retail License: Refusal by Commission or Administrator), Alcoholic Beverage Code.

Repealer: Section 69.05 (Hearings on License Application: Notice and Attendance), Alcoholic Beverage Code.

(b) Provides that, effective December 31, 2020, the following provisions of the Government Code are repealed:

Repealer: Section 101.121 (County Court Fees and Costs: Alcoholic Beverage Code), Government Code.

Repealer: Section 411.120 (Access to Criminal History Record Information: County Judge; Certain Applicants), Government Code.

SECTION 407. (a) Provides that the changes in law made by this Act do not affect the validity of a disciplinary action or other proceeding that was initiated before the effective date of this Act and that is pending on the effective date of this Act. Provides that a disciplinary action that is pending on the effective date of this Act is governed by the law in effect on the date the action was taken, and the former law is continued in effect for that purpose.

(b) Provides that the repeal of a law by this Act does not entitle a person to a refund of a certificate, permit, or license fee paid by the person before the effective date of this Act.

SECTION 408. Requires TABC, on September 1, 2021, to convert any existing permits issued under Chapter 12, 12A, or 13, Alcoholic Beverage Code, to the corresponding license under Chapter 62, 62A, or 63, Alcoholic Beverage Code. Requires the new license to have the same expiration date as the permit it is replacing.

SECTION 409. Authorizes the holder of a permit who immediately before the effective date of this Act was authorized under the permit to purchase, sell, transport, or store ale and malt liquor, to, after the effective date of the provisions of this Act changing references to "beer," "ale," and "malt liquor" in the Alcoholic Beverage Code to "malt beverages," continue to purchase, sell, transport, or store ale and malt liquor under that permit until the date the permit expires.

SECTION 410. (a) Authorizes a person holding a permit issued under Chapter 18 or 21, Alcoholic Beverage Code, on August 31, 2019, notwithstanding the repeal by this section of Chapters 18 and 21, Alcoholic Beverage Code, to continue to operate under that permit until the date the permit expires and Chapters 18 and 21, Alcoholic Beverage Code, remain in effect for those purposes, effective September 1, 2019.

(b) Provides that, effective September 1, 2019, the following provisions of the Alcoholic Beverage Code are repealed:

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

Repealer: Chapter 21 (Local Class B Wholesaler's Permit), Alcoholic Beverage Code.

Repealer: Chapter 47 (Local Industrial Alcohol Manufacturer's Permit), Alcoholic Beverage Code.

Repealer: Chapter 49 (Market Research Packager's Permit), Alcoholic Beverage Code.

Repealer: Chapter 65 (Local Distributor's License), Alcoholic Beverage Code.

Repealer: Chapter 75 (Storage License), Alcoholic Beverage Code.

Repealer: Section 5.05(b) (relating to prohibiting certain persons in TABC from receiving a commission or profit from or having an interest in the sale or purchase of alcoholic beverages), Alcoholic Beverage Code.

Repealer: Section 5.61 (Report to Legislature on Certain Enforcement Efforts), Alcoholic Beverage Code.

Repealer: Section 15.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 15.03 (Evidence of Agency or Employment Required), Alcoholic Beverage Code.

Repealer: Section 15.06 (Grace Period), Alcoholic Beverage Code.

Repealer: Section 25.03(a) (relating to authorizing a wine and beer retailer's permit to be issued for railway dining, buffet, or club cars on the payment of a certain annual state fee), Alcoholic Beverage Code.

Repealer: Section 35.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 35.03 (Evidence of Agency or Employment Required), Alcoholic Beverage Code.

Repealer: Section 35.04 (Certain Employees Exempt), Alcoholic Beverage Code.

Repealer: Section 35.08 (Grace Period), Alcoholic Beverage Code.

Repealer: Section 36.02 (Fee), Alcoholic Beverage Code

Repealer: Section 36.03 (Authorization by Principal Required), Alcoholic Beverage Code.

Repealer: Section 36.09 (Grace Period), Alcoholic Beverage Code.

Repealer: Section 38.02 (Exemptions), Alcoholic Beverage Code.

Repealer: Section 38.03 (Prohibited Acts), Alcoholic Beverage Code.

Repealer: Section 62.13 (Licensed Warehouse For Importation of Beer), Alcoholic Beverage Code.

Repealer: Section 73.02 (Fee), Alcoholic Beverage Code.

Repealer: Section 73.03 (License Required), Alcoholic Beverage Code.

Repealer: Section 73.04 (Qualification For License), Alcoholic Beverage Code.

Repealer: Section 73.05 (Grace Period), Alcoholic Beverage Code.

Repealer: Section 73.06 (Employment of Unlicensed Agent Prohibited), Alcoholic Beverage Code.

Repealer: Section 73.07 (Employment of Agent Whose License Has Been Suspended or Cancelled), Alcoholic Beverage Code.

Repealer: Section 73.09 (Application for License), Alcoholic Beverage Code.

Repealer: Section 73.10 (Renewal of License), Alcoholic Beverage Code.

Repealer: Section 73.11 (Suspension or Cancellation of License), Alcoholic Beverage Code.

Repealer: Section 74.10 (Sales to Wholesalers), Alcoholic Beverage Code.

Repealer: Section 108.52(d) (relating to authorizing a certain sign to be placed in certain locations), Alcoholic Beverage Code.

Repealer: Section 108.52(f) (relating to permitting a display composed of alcoholic beverages or printed or lithographed material advertising alcoholic beverages located inside the licensed premises under certain circumstances), Alcoholic Beverage Code.

Repealer: Section 108.52(h) (relating to authorizing certain entities to use a certain additional sign), Alcoholic Beverage Code.

Repealer: Section 204.06 (Comprehensive Winery Bond), Alcoholic Beverage Code.

SECTION 411. Provide that the legislature finds that:

(1) the state is authorized under the Twenty-first Amendment to the United States Constitution to promote the public's interest in the fair, efficient, and competitive marketing of beer, ale, and malt liquor in this state;

(2) the United States Supreme Court in *Granholm v. Heald*, 544 U.S. 460 (2005), has recognized that the three-tier system of regulating the alcoholic beverage industry is unquestionably legitimate;

(3) in *Granholm*, the United States Supreme Court further recognized that while the states are entitled to regulate the production and sales of liquor within their borders, the right is nonetheless subject to the provisions of the Constitution of the United States, including the Interstate Commerce Clause, and laws regulating the alcoholic beverage industry are prohibited from discriminating against out-of-state participants or giving undue deference to local participants and are prohibited from ignoring other provisions of the Constitution, including the Supremacy Clause, Commerce Clause, and the Privileges and Immunities Clause with its nondiscriminatory principles;

(4) the state is authorized to promote, market, and educate consumers about the emerging small brewing industry;

(5) it is the state's interest that nothing in this Act be construed to conflict with Sections 16 and 17, Article I, Texas Constitution, with regard to the impairment of contract, retroactive application of law, or taking of property in connection with the application of Sections 12.052 and 62.122, Alcoholic Beverage Code;

(6) it is in the state's interest to encourage entrepreneurial and small business development opportunities in the state that will lead to new capital investment in the state, create new jobs in the state, and expand the state and local tax base; and

(7) it is the public policy of the state to exercise the police power of the state to protect the welfare, health, peace, temperance, and safety of the people of Texas.

SECTION 412. (a) Makes application of Section 101.6701, Alcoholic Beverage Code, as added by this Act, effective September 1, 2019, prospective to September 1, 2019.

(b) Makes application of Section 101.6701, Alcoholic Beverage Code, as added by this Act, effective September 1, 2021, prospective to September 1, 2021.

SECTION 413. Effective date, except as otherwise provided by this Act: September 1, 2021.