

BILL ANALYSIS

Senate Research Center
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S.B. 655
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Administration
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas distilled spirits industry has seen incredible growth over the past decade. From 1997 to 2008, there were only eight distillers in Texas. In 2013, when distilleries obtained the right to sell bottles at their distilleries, there were 49 distillery permits in Texas. Today, there are 170 distiller's and rectifier's permits. Despite this significant growth, distillers are limited to the amount of their products they can sell at two 750 ml size commemorative bottles every 30 days and a 3,500 gallon limit annually. This restriction is a burden even without a pandemic to consider, but this point was further proven by an average 60 percent loss of revenue over the last year for Texas distillers.

As filed, S.B. 655 will allow Texas distillers to market and sell more of the brands and labels they produce to visitors of their distilleries by combining and increasing the on and off-premise gallonage limit, and by removing the limit of bottles they can sell from their tasting rooms.

The committee substitute to S.B. 655 will increase the limit from two bottles to four bottles rather than repealing the limit completely. Additionally, it will maintain the current gallonage limit.

As proposed, S.B. 655 amends current law relating to the sale of distilled spirits to ultimate consumers by the holder of a distiller's and rectifier's permit.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 14.05(a), (b), and (f), Alcoholic Beverage Code, as follows:

- (a) Authorizes the holder of a distiller's and rectifier's permit whose permitted premises is located in an area where the sale of alcoholic beverages is legal as provided by a ballot issue approved by the voters under Section 501.035(b)(7), (8), or (9) (relating to the wording of a ballot to permit voting for or against the legal sale of certain alcoholic beverages), Election Code, to sell to ultimate consumers for consumption on or off the permitted premises, rather than on the permitted premises, distilled spirits manufactured or rectified by the permit holder in an amount not to exceed 12,500 gallons, rather than 3,000 gallons, annually.
- (b) Deletes existing text limiting to 3,500 gallons the annual amount of distilled spirits a holder of a distiller's and rectifier's permit is authorized to sell under certain circumstances.
- (f) Deletes existing text requiring the permit holder to check a purchaser's identification. Makes a nonsubstantive change.

SECTION 2. Repealer: Section 14.05(c) (relating to limiting the amount of distilled spirits a distiller's and rectifier's permit holder is authorized to sell to the same consumer within a 30-day period), Alcoholic Beverage Code.

SECTION 3. Effective date: September 1, 2021.