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H.B. No. 4016

A BILL TO BE ENTITLED

1 AN ACT

2 relating to operating agreements between holders of a distiller's  
3 and rectifier's permit and certain alcoholic beverage permit  
4 holders.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 14, Alcoholic Beverage Code, is amended  
7 by adding Section 14.10 to read as follows:

8 Sec. 14.10. OPERATING AGREEMENTS BETWEEN PERMIT HOLDERS.

9 (a) The holder of a distiller's and rectifier's permit may enter  
10 into an agreement with another holder of a distiller's and  
11 rectifier's permit that allows the distiller's and rectifier's  
12 permit holder to engage in the following activities on the  
13 permitted premises of the other distiller's and rectifier's permit  
14 holder:

15 (1) manufacture distilled spirits;

16 (2) rectify, purify, and refine distilled spirits and  
17 wines;

18 (3) mix wines, distilled spirits, or other liquors;

19 (4) bottle, label, and package the permit holder's  
20 finished products;

21 (5) sell the finished products in this state to  
22 holders of wholesaler's permits and to authorized wholesalers and  
23 manufacturers outside the state;

24 (6) purchase distilled spirits, to be used only for

1 manufacturing or rectification purposes, from holders of  
2 nonresident seller's permits or distiller's and rectifier's  
3 permits; and

4 (7) sell bulk alcohol produced by the permit holder  
5 for purposes described by Section 38.01.

6 (b) The agreement is subject to approval by the commission  
7 and must describe with specificity the nature, duration, and extent  
8 of the activities authorized by the agreement.

9 (c) The holder of a distiller's and rectifier's permit may  
10 enter into an agreement authorized by Section 37.011 with the  
11 holder of a nonresident seller's permit.

12 (d) The commission shall adopt rules regulating the shared  
13 use of the permitted premises under this section to ensure  
14 administrative accountability of each permit holder and a strict  
15 separation between the businesses and operations of the permit  
16 holders.

17 SECTION 2. Chapter 37, Alcoholic Beverage Code, is amended  
18 by adding Section 37.011 to read as follows:

19 Sec. 37.011. OPERATING AGREEMENT WITH IN-STATE DISTILLERY.

20 (a) The holder of a nonresident seller's permit who owns a  
21 distillery outside of the state may enter into an agreement with the  
22 holder of a distiller's and rectifier's permit that allows the  
23 nonresident seller to engage in the following activities on the  
24 distiller's and rectifier's permitted premises:

25 (1) manufacture distilled spirits;

26 (2) rectify, purify, and refine distilled spirits and  
27 wines;

1           (3) mix wines, distilled spirits, or other liquors;

2           (4) bottle, label, and package the nonresident  
3 seller's finished products; and

4           (5) sell the finished products in this state to  
5 holders of distiller's and rectifier's permits and holders of  
6 wholesaler's permits and to authorized wholesalers and  
7 manufacturers outside the state.

8           (b) The agreement is subject to approval by the commission  
9 and must describe with specificity the nature, duration, and extent  
10 of the activities authorized by the agreement.

11           (c) The commission shall adopt rules regulating the shared  
12 use of the permitted premises under this section to ensure  
13 administrative accountability of each permit holder and a strict  
14 separation between the businesses and operations of the permit  
15 holders.

16           SECTION 3. This Act takes effect September 1, 2021.