

BILL ANALYSIS

S.B. 1137
By: Madla
Agriculture & Livestock
Committee Report (Unamended)

BACKGROUND AND PURPOSE

During the 78th interim, the Senate Intergovernmental Relations Committee was charged to examine the Texas wine producing industry and make recommendations to increase the impact of that industry on the state's economy.

Current provisions in the Alcoholic Beverage Code limit the number of wine festivals to four per year; indirectly prohibit the advertisement of where a Texas winery's products may be purchased; do not allow for the placement of directional signs on state highways if the winery is not located with driveway access to an eligible rural highway or intersecting crossroad; prevent the establishment of cooperative working relationships between wineries; and establishes a 75 percent requirement for Texas fruit in wines made by wineries in dry areas, even if the required fruit is not available in sufficient quantities to meet the demand.

S.B. 1137 includes provisions that specifically respond to the Intergovernmental Relations Committee's recommendations.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 5 of this bill.

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 9 of this bill.

ANALYSIS

This bill requires the Texas Wine Marketing Research Institute or other qualified entity to conduct an annual study relating to the quantities and varieties of grapes and other fruit grown in this state that are used for wine making. It outlines what the report should include and requires them to report certain information to the commissioner of agriculture (commissioner). The bill also requires that if the commissioner determines that the quantity of a variety of grapes is insufficient for wine production in this state then the commissioner may reduce the percentage required for that type of grape and allow for the acquisition of grapes from outside the state to meet the production needs of the wineries in the state.

The bill also allows the commissioner to establish a voluntary registry for vineyards and other fruit growers in this state and allows the fees to be assessed to cover the cost of administering such a registry. It also establishes other specifics for the registry.

This bill details the importance of the wine industry to the state and allows for the establishment of a wine industry development advisory committee. It establishes the wine industry development fund and outlines the purposes for which these funds may be used.

This bill allows the holder of a winery permit to serve beer and mixed beverages in certain circumstances. It also allows a winery permit to be issued in dry areas under certain circumstances.

The bill also addresses operating agreements between permit holders and allows for the development of rules to address such agreements. The bill also addresses certain advertising concerns for wineries. It also allows signs to be erected along state highways to inform and

guide customers to a winery. The bill provides for the implementation of a "Tourist-Oriented Directional Sign Program" by the Texas Transportation Commission, and defines terms used in association with this program. The bill also repeals sections of the law dealing with Wine Festivals and Major Agricultural Interest Signs.

EFFECTIVE DATE

This Act takes effect immediately if it receives the necessary vote or on September 1, 2005.