

By: Estes

S.B. No. 1669

A BILL TO BE ENTITLED

AN ACT

relating to the composition of the wine sold or dispensed by wineries located in this state.

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

SECTION 1. Chapter 12, Agriculture Code, is amended by adding Section 12.039 to read as follows:

Sec. 12.039. CERTAIN WINE PRODUCED OR BOTTLED IN THIS STATE.

(a) The Texas Wine Marketing Research Institute or other qualified entity shall, as funding is available, 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.

(b) Not later than October 15 of the study year, the Texas Wine Marketing Research Institute or other qualified entity shall submit a report to the commissioner. The report must:

(1) include:

(A) the quantities and varieties of grapes and other fruit grown in this state that are available on September 30 of the study year for use in wine making;

(B) the needs of wineries in this state for those grapes and other fruit to meet the wineries' projected production estimates for the following calendar year; and

(C) recommendations regarding the varieties of grapes and other fruit grown in this state for which a reduction in the percentage by volume of Texas grapes used should be granted

1 under Subsection (d); or

2 (2) state that funding was not available to complete
3 the study required by this section.

4 (c) If a statement is provided in accordance with Subsection
5 (b)(2), the reporting entity shall include in the report:

6 (1) any information that has been routinely collected
7 or developed by the reporting entity and that might be useful in
8 determining the quantities and varieties of grapes and other fruit
9 grown in this state that are available for use in wine making the
10 following calendar year; and

11 (2) recommendations regarding the varieties of grapes
12 and other fruit grown in this state for which a reduction in the
13 percentage by volume of Texas grapes used should be granted under
14 Subsection (d).

15 (d) The commissioner shall review the report and, if the
16 commissioner determines that the quantity of a variety of grapes or
17 other fruit grown in this state is insufficient for the wineries in
18 this state to produce their projected production estimates during
19 the following calendar year, the commissioner may reduce the
20 percentage by volume of fermented juice of grapes or other fruit
21 grown in this state that wine containing that particular variety of
22 grape or other fruit must contain under Section 16.011, Alcoholic
23 Beverage Code. The percentage established under this subsection
24 must ensure that the use of that variety of grape or other fruit
25 grown in this state is maximized while allowing for the acquisition
26 of grapes or other fruit grown outside of this state in a quantity
27 sufficient to meet the needs of wineries in this state.

1 (e) The commissioner shall submit the commissioner's
2 determination to the Texas Alcoholic Beverage Commission in writing
3 and publish the commissioner's determination in the Texas Register
4 and on the department's Internet website not later than December 31
5 of the study year.

6 (f) A percentage requirement established under Subsection
7 (d) applies to wine bottled under Section 16.011, Alcoholic
8 Beverage Code, during the calendar year following the study year.

9 (g) If a winery in this state finds that the determination
10 made by the commissioner under Subsection (d) does not reduce the
11 percentage requirement with respect to a particular variety of
12 grape or other fruit to a level sufficient for the winery to meet
13 the winery's planned production for the relevant year, the winery
14 may submit documentation or other information to the commissioner
15 substantiating that the winery has not been able to acquire those
16 grapes or other fruit grown in this state in an amount sufficient to
17 meet the winery's production needs. If the commissioner determines
18 that there is not a sufficient quantity of that variety of grapes or
19 other fruit grown in this state to meet the needs of that winery,
20 the commissioner may reduce the percentage requirement for wine
21 bottled during the remainder of the calendar year that contains
22 that variety of fruit.

23 (h) The commissioner may:

24 (1) establish a voluntary registry for vineyards and
25 other fruit growers in this state to assist in the determination of
26 the availability of grapes and other fruit grown in this state and
27 facilitate communication between the wineries and fruit growers in

1 this state regarding the availability of and need for grapes and
2 other fruit for wine making; and

3 (2) assess a fee to cover the cost of administering the
4 registry.

5 (i) Information gathered through a registry established
6 under Subsection (h) shall be posted on the department's Internet
7 website and may be made available in any other format agreed on by
8 the commissioner and a requestor who pays the appropriate fee for
9 reproducing the record.

10 (j) The vineyard and fruit growers registry fund is an
11 account in the general revenue fund. Fees collected under
12 Subsection (h) shall be deposited to the credit of that account.
13 Money in the account may be appropriated only to the department and
14 may be used only to cover administrative and personnel costs of the
15 department associated with administering a registry established
16 under Subsection (h).

17 SECTION 2. Section 16.011, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 16.011. PREMISES IN DRY AREA. A winery permit may be
20 issued for premises in an area in which the sale of wine has not been
21 authorized by a local option election. A holder of a permit under
22 this section may engage in any activity authorized under Section
23 16.01 except that the permit holder may sell or dispense wine under
24 that section only if the wine is:

- 25 (1) bottled [~~manufactured~~] in this state; and
26 (2) at least 75 percent by volume fermented juice of
27 grapes or other fruit grown in this state or a lesser percentage

1 established by the commissioner of agriculture under Section
2 12.039, Agriculture Code.

3 SECTION 3. This Act takes effect September 1, 2005.