

1-1 By: Estes S.B. No. 1669  
1-2 (In the Senate - Filed March 11, 2005; March 30, 2005, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 22, 2005, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;  
1-6 April 22, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1669 By: Deuell

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the composition of the wine sold or dispensed by  
1-11 wineries located in this state.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Chapter 12, Agriculture Code, is amended by  
1-14 adding Section 12.039 to read as follows:

1-15 Sec. 12.039. CERTAIN WINE PRODUCED OR BOTTLED IN THIS STATE.

1-16 (a) The Texas Wine Marketing Research Institute or other qualified  
1-17 entity shall, as funding is available, conduct an annual study  
1-18 relating to the quantities and varieties of grapes and other fruit  
1-19 grown in this state that are used for wine making.

1-20 (b) Not later than October 15 of the study year, the Texas  
1-21 Wine Marketing Research Institute or other qualified entity shall  
1-22 submit a report to the commissioner. The report must:

1-23 (1) include:

1-24 (A) the quantities and varieties of grapes and  
1-25 other fruit grown in this state that are available on September 30  
1-26 of the study year for use in wine making;

1-27 (B) the needs of wineries in this state for those  
1-28 grapes and other fruit to meet the wineries' projected production  
1-29 estimates for the following calendar year; and

1-30 (C) recommendations regarding the varieties of  
1-31 grapes and other fruit grown in this state for which a reduction in  
1-32 the percentage by volume of Texas grapes used should be granted  
1-33 under Subsection (d); or

1-34 (2) state that funding was not available to complete  
1-35 the study required by this section.

1-36 (c) If a statement is provided in accordance with Subsection  
1-37 (b)(2), the reporting entity shall include in the report:

1-38 (1) any information that has been routinely collected  
1-39 or developed by the reporting entity and that might be useful in  
1-40 determining the quantities and varieties of grapes and other fruit  
1-41 grown in this state that are available for use in wine making the  
1-42 following calendar year; and

1-43 (2) recommendations regarding the varieties of grapes  
1-44 and other fruit grown in this state for which a reduction in the  
1-45 percentage by volume of Texas grapes used should be granted under  
1-46 Subsection (d).

1-47 (d) The commissioner shall review the report and, if the  
1-48 commissioner determines that the quantity of a variety of grapes or  
1-49 other fruit grown in this state is insufficient for the wineries in  
1-50 this state to produce their projected production estimates during  
1-51 the following calendar year, the commissioner may reduce the  
1-52 percentage by volume of fermented juice of grapes or other fruit  
1-53 grown in this state that wine containing that particular variety of  
1-54 grape or other fruit must contain under Section 16.011, Alcoholic  
1-55 Beverage Code. The percentage established under this subsection  
1-56 must ensure that the use of that variety of grape or other fruit  
1-57 grown in this state is maximized while allowing for the acquisition  
1-58 of grapes or other fruit grown outside of this state in a quantity  
1-59 sufficient to meet the needs of wineries in this state.

1-60 (e) The commissioner shall submit the commissioner's  
1-61 determination to the Texas Alcoholic Beverage Commission in writing  
1-62 and publish the commissioner's determination in the Texas Register  
1-63 and on the department's Internet website not later than December 31

2-1 of the study year.

2-2 (f) A percentage requirement established under Subsection  
2-3 (d) applies to wine bottled under Section 16.011, Alcoholic  
2-4 Beverage Code, during the calendar year following the study year.

2-5 (g) If a winery in this state finds that the determination  
2-6 made by the commissioner under Subsection (d) does not reduce the  
2-7 percentage requirement with respect to a particular variety of  
2-8 grape or other fruit to a level sufficient for the winery to meet  
2-9 the winery's planned production for the relevant year, the winery  
2-10 may submit documentation or other information to the commissioner  
2-11 substantiating that the winery has not been able to acquire those  
2-12 grapes or other fruit grown in this state in an amount sufficient to  
2-13 meet the winery's production needs. If the commissioner determines  
2-14 that there is not a sufficient quantity of that variety of grapes or  
2-15 other fruit grown in this state to meet the needs of that winery,  
2-16 the commissioner may reduce the percentage requirement for wine  
2-17 bottled during the remainder of the calendar year that contains  
2-18 that variety of fruit.

2-19 (h) The commissioner may:

2-20 (1) establish a voluntary registry for vineyards and  
2-21 other fruit growers in this state to assist in the determination of  
2-22 the availability of grapes and other fruit grown in this state and  
2-23 facilitate communication between the wineries and fruit growers in  
2-24 this state regarding the availability of and need for grapes and  
2-25 other fruit for wine making; and

2-26 (2) assess a fee to cover the cost of administering the  
2-27 registry.

2-28 (i) Information gathered through a registry established  
2-29 under Subsection (h) shall be posted on the department's Internet  
2-30 website and may be made available in any other format agreed on by  
2-31 the commissioner and a requestor who pays the appropriate fee for  
2-32 reproducing the record.

2-33 (j) The vineyard and fruit growers registry fund is an  
2-34 account in the general revenue fund. Fees collected under  
2-35 Subsection (h) shall be deposited to the credit of that account.  
2-36 Money in the account may be appropriated only to the department and  
2-37 may be used only to cover administrative and personnel costs of the  
2-38 department associated with administering a registry established  
2-39 under Subsection (h).

2-40 SECTION 2. Section 16.011, Alcoholic Beverage Code, is  
2-41 amended to read as follows:

2-42 Sec. 16.011. PREMISES IN DRY AREA. A winery permit may be  
2-43 issued for premises in an area in which the sale of wine has not been  
2-44 authorized by a local option election. A holder of a permit under  
2-45 this section may engage in any activity authorized under Section  
2-46 16.01 except that the permit holder may sell or dispense wine under  
2-47 that section only if the wine is:

2-48 (1) bottled [~~manufactured~~] in this state; and

2-49 (2) at least 75 percent by volume fermented juice of  
2-50 grapes or other fruit grown in this state or a lesser percentage  
2-51 established by the commissioner of agriculture under Section  
2-52 12.039, Agriculture Code.

2-53 SECTION 3. This Act takes effect September 1, 2005.

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