

BILL ANALYSIS

S.B. 518
By: Eltife
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that small craft brewers currently are prohibited from selling beer and ale directly to consumers and typically are underrepresented in the market as a whole. S.B. 518 seeks to stimulate demand for and provide consumers access to such products by allowing small brewers to sell limited quantities of their annual production directly to consumers.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 518 amends the Alcoholic Beverage Code to authorize the holder of a brewer's permit whose annual production of ale together with the annual production of beer by the holder of a manufacturer's license at the same premises does not exceed a total of 225,000 barrels to sell ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises for responsible on-premise consumption. The bill sets the limit on the total combined sales of ale to ultimate consumers, together with the sales of beer to ultimate consumers by the holder of a manufacturer's license at the same premises, at 5,000 barrels annually. The bill extends the same authorization to a manufacturer's licensee for the sale of beer to ultimate consumers under the same conditions.

S.B. 518 authorizes the holder of a brewer's permit and the holder of a manufacturer's license to sell, offer for sale, and deliver ale or malt liquor and beer, respectively, and authorizes a person to consume those alcoholic beverages on the respective premises, between 8 a.m. and midnight on any day except Sunday, and between 10 a.m. and midnight on Sunday.

S.B. 518 makes its provisions contingent on passage by the 83rd Legislature, Regular Session, 2013, of legislation authorizing the holder of a brewpub license to self-distribute beer, malt liquor, or ale produced under the license to retailers; authorizing small brewers to sell ale to retailers; authorizing small beer manufactures to sell beer to retailers; and relating to sales of beer by a manufacturer to a distributor and certain agreements between a manufacturer and distributor.

EFFECTIVE DATE

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2013.