

BILL ANALYSIS

S.B. 828
By: Van de Putte
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recent reports indicate that the distilled spirits industry has grown tremendously over the past decade, but interested parties contend that state laws regarding the distilled spirits industry have not kept up with this growth. The parties further note that out-of-state distilleries have a marketing advantage over Texas distilleries because they are allowed to designate manufacturer's agents who may offer product samples to customers and also solicit and take orders from wholesalers, which are important in helping promote the distiller's brands and products. S.B. 828 seeks to afford Texas distilleries the same rights as out-of-state distilleries when marketing their products by creating a distiller's agent's permit.

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. 828 amends the Alcoholic Beverage Code to authorize the holder of a distiller's agent's permit to represent the holder of a distiller's and rectifier's permit, to solicit and take orders from a holder of a wholesaler's permit for the sale of distilled spirits manufactured by the permit holder represented by the agent, and to conduct free distilled spirits tastings for consumers on the premises of the holder of a package store permit. The bill sets the annual state fee for the permit at \$10. The bill prohibits the permit from being issued to a person until the person shows to the satisfaction of the Texas Alcoholic Beverage Commission (TABC) that the person has been employed by or has been authorized to act as the agent of the permit holder the person proposes to represent.

S.B. 828 prohibits the holder of a distiller's agent's permit from soliciting business directly or indirectly from a holder of a mixed beverage permit or a private club registration permit unless the distiller's agent is accompanied by the holder of a wholesaler's permit or the wholesaler's agent. The bill prohibits the holder of a distiller's agent's permit, in soliciting or taking orders for the sale of liquor, from representing that the permit holder is an agent of any person other than the person designated in the permit holder's application. The bill authorizes a person to engage in activities authorized for the holder of a distiller's agent's or manufacturer's agent's permit for an initial grace period of five days during which the person is required to procure a distiller's agent's permit or a manufacturer's agent's permit, as applicable, from TABC.

S.B. 828 includes the holder of a distiller's or rectifier's permit among the permit holders authorized to participate in and conduct product tastings of alcoholic beverages at a retailer's premises, but expressly not authorized to withdraw or purchase an alcoholic beverage from the holder of a wholesaler's permit or provide an alcoholic beverage for tasting on a retailer's premises that is not purchased from the retailer.

EFFECTIVE DATE

September 1, 2013.