

## **BILL ANALYSIS**

S.B. 905  
By: Van de Putte  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Recent reports indicate that the distilled spirits industry in Texas has seen tremendous growth over the last decade, expanding from just a few distiller's and rectifier's permit holders to more than 40 today. Interested parties believe that the Texas distilled spirits industry has the potential for even more growth if the state modifies its current regulatory system. The goal of S.B. 905 is to allow the holder of a distiller's and rectifier's permit to sell distilled spirits to the ultimate consumer either for off-premises consumption or for consumption on the permitted premises.

### **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. 905 amends the Alcoholic Beverage Code to authorize the holder of a distiller's and rectifier's permit to sell to ultimate consumers for consumption on the permitted premises distilled spirits manufactured or rectified by the permit holder in an amount not to exceed 3,000 gallons annually. The bill authorizes the permit holder to sell distilled spirits manufactured by the permit holder to ultimate consumers for off-premises consumption in unbroken packages containing not more than 750 milliliters of distilled spirits for off-premises consumption in an amount not to exceed 3,500 gallons annually. The bill prohibits the permit holder from selling more than two 750 milliliter bottles of distilled spirits or the equivalent to the same consumer within a 30-day period. The bill limits such sales for an ultimate consumer's off-premises consumption to an individual who is physically present at the permit holder's premises and requires the sale to be delivered to the purchaser in person during the purchaser's visit. The bill prohibits a person from making such a purchase as an agent for another person. The bill requires the permit holder to check a purchaser's identification and keep records of purchases in a manner that enables the permit holder to comply with the bill's provisions. The bill requires a bottle of distilled spirits sold on the permit holder's premises under these provisions to bear a notice affixed to the bottle that meets specified criteria. The bill authorizes the holder of a distiller's and rectifier's permit to collect a fee for the sampling of distilled spirits on the permitted premises.

S.B. 905 authorizes the holder of a distiller's and rectifier's permit to sell and offer for sale distilled spirits for on-premises consumption and authorizes a person to consume distilled spirits on the permitted premises during the same hours mixed beverages are authorized to be sold and offered for sale by a mixed beverage permit holder. The bill authorizes the holder of the distiller's and rectifier's permit to sell and offer for sale distilled spirits to ultimate consumers for off-premises consumption during the same hours as the holder of a package store permit may sell and offer for sale distilled spirits to ultimate consumers for off-premises consumption.

S.B. 905 amends the Tax Code to make a distiller's and rectifier's permit subject to the mixed beverage tax.

S.B. 905 repeals Sections 14.01(c) and 14.04(g), Alcoholic Beverage Code.

**EFFECTIVE DATE**

September 1, 2013.