

## **BILL ANALYSIS**

S.B. 950  
By: Carona  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Under current procedures, the holder of a nonresident seller's permit is prohibited from selling wine or spirits to a holder of any type of wholesaler's permit unless the nonresident seller is the primary American source of supply for the brand of distilled spirit or wine. Interested parties note that this prohibition was enacted during a time when wineries could not ship or sell wine that was not their own, thus they had no need to buy from a nonresident seller. The goal of S.B. 950 is to apply the same purchase restriction that applies to wholesalers to wineries by requiring wineries to buy from nonresident sellers who are the primary American source of supply.

### **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. 950 amends the Alcoholic Beverage Code to prohibit the holder of a nonresident seller's permit from soliciting, accepting, or filling an order for distilled spirits or wine from a holder of any type of winery permit unless the nonresident seller is the primary American source of supply for the brand of distilled spirits or wine that is ordered. The bill specifies that to be the "primary American source of supply" the nonresident seller must be the first source in the channel of commerce from whom the product can be secured by Texas wholesalers and Texas wineries, rather than American wholesalers. The bill specifies that a product may have only one primary American source of supply to Texas unless the product is a wine that is bottled or produced outside of the United States.

S.B. 950 requires an authorized permittee to provide proof that the permittee is the primary American source of supply, in addition to registering the distilled spirits or wine with the Texas Alcoholic Beverage Commission (TABC), before the permittee may ship distilled spirits or wine into the state or sell distilled spirits or wine within the state. The bill exempts rare or vintage wine that is acquired at auction and for which no certificate is available from the requirement that the registration application include a certificate of label approval issued by the U.S. Alcohol and Tobacco Tax and Trade Bureau for the product. The bill requires rare or vintage wine purchased at auction and registered by TABC to comply with all other provisions of the Alcoholic Beverage Code, including provision regarding the sale, purchase, importation, and distribution of that wine.

S.B. 950 authorizes, rather than requires, TABC by rule to establish procedures for accepting federal certificates of label approval for registration and expands such authorization to include procedures for accepting proof, such as a letter of authorization, that a permittee is the primary American source of supply.

**EFFECTIVE DATE**

September 1, 2013.