

1-1 By: Geren (Senate Sponsor - Carona) H.B. No. 2537
 1-2 (In the Senate - Received from the House May 6, 2013;
 1-3 May 7, 2013, read first time and referred to Committee on Business
 1-4 and Commerce; May 16, 2013, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 8, Nays 1;
 1-6 May 16, 2013, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12		X		
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 2537 By: Carona

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to production requirements for holders of winery permits.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Chapter 16, Alcoholic Beverage Code, is amended
 1-24 by adding Section 16.012 to read as follows:
 1-25 Sec. 16.012. PRODUCTION REQUIREMENTS. (a) This section
 1-26 does not apply to a holder of a winery permit described by Section
 1-27 16.09(i).
 1-28 (b) The holder of a winery permit must produce or bottle and
 1-29 offer for sale at least 200 gallons of wine or fruit brandy annually
 1-30 beginning in the 12-month period preceding the first anniversary of
 1-31 the date the winery's original permit is issued.
 1-32 (b-1) Notwithstanding Subsection (b), the holder of a
 1-33 winery permit issued before September 1, 2014, must produce or
 1-34 bottle and offer for sale at least 200 gallons of wine or fruit
 1-35 brandy annually beginning in the 12-month period preceding
 1-36 September 1, 2015. This subsection expires September 1, 2016.
 1-37 (c) The production required by this section must be done at
 1-38 the permitted location or at a Texas winery owned and operated by
 1-39 the same permit holder.
 1-40 (d) Failure to comply with this section constitutes grounds
 1-41 to cancel or suspend a winery permit or deny an application for
 1-42 renewal of a winery permit.
 1-43 SECTION 2. Section 16.09, Alcoholic Beverage Code, is
 1-44 amended by adding Subsections (f), (g), (h), and (i) to read as
 1-45 follows:
 1-46 (f) At least 51 percent by volume of the wine shipped under
 1-47 this section must be produced or bottled in this state:
 1-48 (1) by the holder of a winery permit on the winery's
 1-49 premises or at another permitted location owned and operated by the
 1-50 permit holder;
 1-51 (2) under an operating agreement authorized by Section
 1-52 16.05; or
 1-53 (3) under an agreement with another winery permit
 1-54 holder for a bottling brand under an Alcohol and Tobacco Tax and
 1-55 Trade Bureau Basic Permit trade name application.
 1-56 (g) The holder of a winery permit shall maintain complete
 1-57 records of each sale and delivery made under this section for at
 1-58 least five years from the date of the sale. The records shall be
 1-59 made available on request for inspection by the commission or any
 1-60 other appropriate state agency.

2-1 (h) The commission shall adopt rules requiring the holder of
2-2 a winery permit to periodically file reports providing the
2-3 commission with any information the commission determines is
2-4 necessary to more efficiently and effectively enforce this section.
2-5 At a minimum, the reports must specify:
2-6 (1) whether wine sold and delivered by the permit
2-7 holder under this section was produced or bottled in this state; and
2-8 (2) whether the wine was:
2-9 (A) produced or bottled:
2-10 (i) by the holder of the winery permit on
2-11 the winery's premises or at another permitted location owned and
2-12 operated by the permit holder;
2-13 (ii) under an operating agreement
2-14 authorized by Section 16.05; or
2-15 (iii) under an agreement with another
2-16 winery permit holder for a bottling brand under an Alcohol and
2-17 Tobacco Tax and Trade Bureau Basic Permit trade name application;
2-18 or
2-19 (B) purchased from an authorized source.
2-20 (i) Subsection (f) does not apply to the holder of a winery
2-21 permit issued on or before June 1, 2012, if at least 95 percent by
2-22 volume of the wine shipped under that permit during 2012 had a
2-23 personalized label that:
2-24 (1) contained a personal message, picture, or other
2-25 artwork that was specific to the consumer who purchased the
2-26 product; and
2-27 (2) was designed by the consumer and affixed by the
2-28 permit holder at the licensed premises.

2-29 SECTION 3. This Act takes effect September 1, 2014.

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