

1-1 By: Eltife, et al. S.B. No. 518  
 1-2 (In the Senate - Filed February 12, 2013; February 20, 2013,  
 1-3 read first time and referred to Committee on Business and Commerce;  
 1-4 March 18, 2013, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 8, Nays 0; March 18, 2013,  
 1-6 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 S.B. No. 518 By: Eltife

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

1-21 relating to the authority of certain brewers and manufacturers to  
 1-22 sell beer and ale to ultimate consumers.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. The legislature finds that:

1-25 (1) the state is authorized under the Twenty-first  
 1-26 Amendment of the United States Constitution to promote the public's  
 1-27 interest in the fair, efficient, and competitive marketing of beer  
 1-28 and ale in this state;

1-29 (2) the United States Supreme Court in Granholm v.  
 1-30 Heald, 544 U.S. 460 (2005), has recognized that the three-tier  
 1-31 system of regulating the alcoholic beverage industry is  
 1-32 unquestionably legitimate;

1-33 (3) in Granholm, the United States Supreme Court  
 1-34 further recognized that while the states are entitled to regulate  
 1-35 the production and sale of liquor within their borders, the right is  
 1-36 nonetheless subject to the provisions of the Constitution of the  
 1-37 United States, including the Interstate Commerce Clause, and laws  
 1-38 regulating the alcoholic beverage industry may not discriminate  
 1-39 against out-of-state participants or give undue deference to local  
 1-40 participants and may not ignore other provisions of the  
 1-41 constitution, including the Supremacy Clause, Commerce Clause, and  
 1-42 the Privileges and Immunities Clause with its nondiscriminatory  
 1-43 principles;

1-44 (4) the state is authorized to promote, market, and  
 1-45 educate consumers about the emerging small brewing industry;

1-46 (5) it is in the state's interest to encourage  
 1-47 entrepreneurial and small business development opportunities in  
 1-48 the state that will lead to new capital investment in the state,  
 1-49 create new jobs in the state, and expand the state and local tax  
 1-50 base; and

1-51 (6) it is the public policy of the state to exercise  
 1-52 the police power of the state to protect the welfare, health, peace,  
 1-53 temperance, and safety of the people of Texas.

1-54 SECTION 2. Chapter 12, Alcoholic Beverage Code, is amended  
 1-55 by adding Section 12.052 to read as follows:

1-56 Sec. 12.052. SALES BY CERTAIN BREWERS TO CONSUMERS.

1-57 (a) In addition to the activities authorized by Section 12.01, the  
 1-58 holder of a brewer's permit whose annual production of ale together  
 1-59 with the annual production of beer by the holder of a manufacturer's  
 1-60 license at the same premises does not exceed a total of 225,000

2-1 barrels may sell ale produced on the brewer's premises under the  
2-2 permit to ultimate consumers on the brewer's premises for  
2-3 responsible consumption on the brewer's premises.

2-4 (b) The total combined sales of ale to ultimate consumers  
2-5 under this section, together with the sales of beer to ultimate  
2-6 consumers by the holder of a manufacturer's license under Section  
2-7 62.122 at the same premises, may not exceed 5,000 barrels annually.

2-8 SECTION 3. Chapter 62, Alcoholic Beverage Code, is amended  
2-9 by adding Section 62.122 to read as follows:

2-10 Sec. 62.122. SALES BY CERTAIN MANUFACTURERS TO CONSUMERS.

2-11 (a) A manufacturer's licensee whose annual production of beer  
2-12 together with the annual production of ale by the holder of a  
2-13 brewer's permit at the same premises does not exceed 225,000  
2-14 barrels may sell beer produced on the manufacturer's premises under  
2-15 the license to ultimate consumers on the manufacturer's premises  
2-16 for responsible consumption on the manufacturer's premises.

2-17 (b) The total combined sales of beer to ultimate consumers  
2-18 under this section, together with the sales of ale to ultimate  
2-19 consumers by the holder of a brewer's permit under Section 12.052 at  
2-20 the same premises, may not exceed 5,000 barrels annually.

2-21 SECTION 4. Chapter 105, Alcoholic Beverage Code, is amended  
2-22 by adding Section 105.081 to read as follows:

2-23 Sec. 105.081. HOURS OF SALE AND CONSUMPTION: BREWER OR  
2-24 MANUFACTURER. (a) The holder of a brewer's permit may sell, offer  
2-25 for sale, and deliver ale or malt liquor and a person may consume  
2-26 ale or malt liquor on the brewer's premises:

2-27 (1) between 8 a.m. and midnight on any day except  
2-28 Sunday; and

2-29 (2) between 10 a.m. and midnight on Sunday.

2-30 (b) The holder of a manufacturer's license may sell, offer  
2-31 for sale, and deliver beer and a person may consume beer on the  
2-32 manufacturer's premises:

2-33 (1) between 8 a.m. and midnight on any day except  
2-34 Sunday; and

2-35 (2) between 10 a.m. and midnight on Sunday.

2-36 SECTION 5. This Act takes effect September 1, 2013.

2-37

\* \* \* \* \*