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By:  Goldman H.C.R. No. 168

HOUSE CONCURRENT RESOLUTION

WHEREAS, Promoting growth of the alcoholic beverage industry in Texas is a primary purpose of the Texas Alcoholic Beverage Commission; and

WHEREAS, The industry is structured around a three-tier system of manufacturers, distributors, and retailers, and the Alcoholic Beverage Code promotes business independence through the strict separation between manufacturers and retailers; and

WHEREAS, Over the past decade, retailers and manufacturers have contracted to develop alcoholic beverage products known as "control labels" that are exclusive to the retailers, in violation of the code's strict requirement of separation between the tiers; and

WHEREAS, The Texas Alcoholic Beverage Commission believes there may be as many as 10,000 wine and distilled spirits control label products available already in the Texas marketplace; and

WHEREAS, Mass enforcement actions to penalize permitted businesses for manufacturing and selling control label products could destabilize significant parts of the alcoholic beverage industry; moreover, vigorous enforcement of the prohibition on control labels could result in numerous lawsuits filed against the state; and

WHEREAS, Texas should lead the national discussion on developing a legal framework for regulating control label products in a way that promotes economic growth and benefits the consumer while stabilizing the three-tier system; now, therefore, be it

RESOLVED, That the 86th Legislature of the State of Texas hereby direct the Texas Alcoholic Beverage Commission to conduct a study on control label products that considers their economic footprint, their effect on the three-tier system, their effect on traditional alcoholic beverage products market share, and relevant laws passed in other states; and, be it further

RESOLVED, That the agency seek input from stakeholders in the alcoholic beverage industry; and, be it further

RESOLVED, That the agency submit a full report, including findings and recommendations, to the 87th Texas Legislature before September 1, 2020; and, be it further

RESOLVED, That the Texas secretary of state forward an official copy of this resolution to the executive director of the Texas Alcoholic Beverage Commission.