A BILL TO BE ENTITLED

AN ACT

relating to the sale of ale and beer by certain brewers and manufacturers to ultimate consumers for consumption off the brewers' or manufacturers' premises.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 12.052(a), (c), and (e), Alcoholic Beverage Code, are amended to read as follows:

(a) In addition to the activities authorized by Section 12.01, the holder of a brewer's permit whose annual production of ale, together with the annual production of beer by the holder of a manufacturer's license at all premises wholly or partly owned, directly or indirectly, by the permit holder or an affiliate or subsidiary of the permit holder, does not exceed a total of 225,000 barrels may sell ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises for responsible consumption on the brewer's premises or for off-premises consumption.

(c) Subject to Subsections (b), (d), and (e), the holder of a brewer's permit may sell ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises for responsible consumption on the brewer's premises or for off-premises consumption even if the annual production limit prescribed by Subsection (a) is exceeded if:

(1) the permit holder:
(A) was legally operating a manufacturing facility with on-premise sales under Subsection (a) on February 1, 2017; or

(B) purchased an ownership interest in, or was purchased by the holder of, a permit or license issued under Chapter 12, 13, 62, or 63; and

(2) the permit holder has annual production that does not exceed 175,000 barrels at the brewer's premises.

(e) A holder of a brewer's permit who under Subsection (c) sells ale produced on the brewer's premises under the permit to ultimate consumers on the brewer's premises for responsible consumption on the brewer's premises or for off-premises consumption:

(1) shall file a territorial agreement with the commission under Subchapters C and D, Chapter 102;

(2) must purchase any ale the permit holder sells on the brewer's premises from the holder of a permit issued under Chapter 19, 20, or 21; and

(3) with respect to those purchases, must comply with the requirements of this code governing dealings between a distributor or wholesaler and a member of the retail tier, including Section 102.31.

SECTION 2. Sections 62.122(a), (c), and (e), Alcoholic Beverage Code, are amended to read as follows:

(a) A manufacturer's licensee whose annual production of beer, together with the annual production of ale by the holder of a brewer's permit at all premises wholly or partly owned, directly or
indirectly, by the license holder or an affiliate or subsidiary of the license holder, does not exceed 225,000 barrels may sell beer produced on the manufacturer's premises under the license to ultimate consumers on the manufacturer's premises for responsible consumption on the manufacturer's premises or for off-premises consumption.

(c) Subject to Subsections (b), (d), and (e), the holder of a manufacturer's license may sell beer produced on the manufacturer's premises under the license to ultimate consumers on the manufacturer's premises for responsible consumption on the manufacturer's premises or for off-premises consumption even if the annual production limit prescribed by Subsection (a) is exceeded if:

(1) the license holder:
(A) was legally operating a manufacturing facility with on-premise sales under Subsection (a) on February 1, 2017; or
(B) purchased an ownership interest in, or was purchased by the holder of, a permit or license issued under Chapter 12, 13, 62, or 63; and
(2) the license holder has annual production that does not exceed 175,000 barrels at the manufacturer's premises.

(e) A holder of a manufacturer's license who under Subsection (c) sells beer produced on the manufacturer's premises under the license to ultimate consumers on the manufacturer's premises for responsible consumption on the manufacturer's premises or for off-premises consumption:
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1 (1) shall file a territorial agreement with the
2 commission under Subchapters C and D, Chapter 102;
3 (2) must purchase any beer the license holder sells on
4 the manufacturer's premises from the holder of a license issued
5 under Chapter 64, 65, or 66; and
6 (3) with respect to those purchases, must comply with
7 the requirements of this code governing dealings between a
8 distributor or wholesaler and a member of the retail tier,
9 including Sections 61.73 and 102.31.
10 SECTION 3. This Act takes effect September 1, 2019.