

By: Paddie

H.B. No. 1545

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the continuation and functions of the Texas Alcoholic
3 Beverage Commission, including the consolidation, repeal, and
4 creation of certain licenses and permits; changing fees.

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

6 SECTION 1. Sections 1.04(5), (7), (13), (14), (15), (17),
7 (18), and (27), Alcoholic Beverage Code, are amended to read as
8 follows:

9 (5) "Liquor" means any alcoholic beverage, other than
10 a malt beverage, containing alcohol in excess of five [~~four~~]
11 percent by volume [~~weight~~], unless otherwise indicated. Proof that
12 an alcoholic beverage is alcohol, spirits of wine, whiskey, liquor,
13 wine, brandy, gin, rum, [~~ale, malt liquor,~~] tequila, mescal,
14 habanero, or barreteago, is prima facie evidence that it is liquor.

15 (7) "Wine and vinous liquor" means the product
16 obtained from the alcoholic fermentation of juice of sound ripe
17 grapes, fruits, berries, or honey, and includes wine coolers and
18 saké.

19 (13) "Mixed beverage" means one or more servings of a
20 beverage composed in whole or part of an alcoholic beverage in a
21 sealed or unsealed container of any legal size for consumption on
22 the premises where served or sold by the holder of a mixed beverage
23 permit, the holder of certain nonprofit entity temporary event
24 permits [~~a daily temporary mixed beverage permit, the holder of a~~

1 ~~caterer's permit, the holder of a mixed beverage late hours~~
2 ~~permit], the holder of a private club registration permit, or the~~
3 holder of certain retailer late hours certificates [~~a private club~~
4 ~~late hours permit~~].

5 (14) "Barrel" means, as a standard of measure, a
6 quantity of malt beverages [~~beer~~] equal to 31 standard gallons.

7 (15) "Malt beverage" [~~"Beer"~~] means a fermented [~~malt~~]
8 beverage of any name or description containing one-half of one
9 percent or more of alcohol by volume, brewed or produced from malt,
10 in whole or in part, or from any malt substitute [~~and not more than~~
11 ~~four percent of alcohol by weight~~].

12 (17) "Brewer [~~Manufacturer~~]" means a person engaged in
13 the [~~manufacture or~~] brewing of malt beverages [~~beer~~], whether
14 located inside or outside the state.

15 (18) "Original package," as applied to malt beverages
16 [~~beer~~], means a container holding malt beverages [~~beer~~] in bulk, or
17 any box, crate, carton, or other device used in packing malt
18 beverages [~~beer~~] that is contained in bottles or other containers.

19 (27) "Contract brewing arrangement" means an
20 arrangement in which two breweries, each of which has a separate
21 facility, contract for one brewery to brew [~~manufacture~~] malt
22 beverages on behalf of the other brewery due to the limited capacity
23 or other reasonable business necessity of one party to the
24 arrangement.

25 SECTION 2. Effective December 31, 2020, Section 1.04(9),
26 Alcoholic Beverage Code, is amended to read as follows:

27 (9) "Applicant" means a person who submits or files an

1 original or renewal application with the [~~county judge,~~
2 commission~~], or administrator~~] for a license or permit.

3 SECTION 3. Chapter 1, Alcoholic Beverage Code, is amended
4 by adding Section 1.08 to read as follows:

5 Sec. 1.08. PREVENTION OF HUMAN TRAFFICKING. It is the
6 intent of the legislature to prevent human trafficking at all
7 permitted and licensed premises, and all provisions of this code
8 shall be liberally construed to carry out this intent, and it shall
9 be a duty and priority of the commission to adhere to a zero
10 tolerance policy of preventing human trafficking and related
11 practices.

12 SECTION 4. Effective September 1, 2019, Section 5.01(b),
13 Alcoholic Beverage Code, is amended to read as follows:

14 (b) The Texas Alcoholic Beverage Commission is subject to
15 Chapter 325, Government Code (Texas Sunset Act). Unless continued
16 in existence as provided by that chapter, the commission is
17 abolished and Subchapter A, Chapter 5, expires September 1, 2031
18 [~~2019~~].

19 SECTION 5. Effective September 1, 2019, Section 5.02(a),
20 Alcoholic Beverage Code, is amended to read as follows:

21 (a) The commission is composed of five [~~three~~] members, who
22 are appointed by the governor with the advice and consent of the
23 senate.

24 SECTION 6. Effective September 1, 2019, Section 5.022,
25 Alcoholic Beverage Code, is amended by amending Subsection (b) and
26 adding Subsection (d) to read as follows:

27 (b) The training program must provide the person with

1 information regarding:

2 (1) the law governing [~~legislation that created the~~
3 commission operations;

4 (2) [~~and~~] the [~~commission's~~] programs, functions,
5 rules, and budget of the commission;

6 (3) the scope of and limitations on the rulemaking
7 authority of the commission;

8 (4) [~~(2)~~] the results of the most recent formal audit
9 of the commission;

10 (5) [~~(3)~~] the requirements of:

11 (A) laws relating to open meetings, public
12 information, administrative procedure, and disclosing conflicts of
13 interest; and

14 (B) other laws applicable to members of a state
15 policymaking body in performing their duties; and

16 (6) [~~(4)~~] any applicable ethics policies adopted by
17 the commission or the Texas Ethics Commission.

18 (d) The administrator of the commission shall create a
19 training manual that includes the information required by
20 Subsection (b). The administrator shall distribute a copy of the
21 training manual annually to each member of the commission. Each
22 member of the commission shall sign and submit to the administrator
23 a statement acknowledging that the member received and has reviewed
24 the training manual.

25 SECTION 7. Effective September 1, 2019, Section 5.03,
26 Alcoholic Beverage Code, is amended to read as follows:

27 Sec. 5.03. TERMS OF OFFICE. The members of the commission

1 hold office for staggered terms of six years, with the term of one
2 or two members ~~[member]~~ expiring every two years. Each member holds
3 office until the member's ~~[his]~~ successor is appointed and has
4 qualified. The governor may appoint a [A] member to serve
5 consecutive terms ~~[may be appointed to succeed himself]~~.

6 SECTION 8. Effective September 1, 2019, Section 5.05,
7 Alcoholic Beverage Code, is amended by amending Subsections (a),
8 (a-1), and (a-2) and adding Subsection (a-3) to read as follows:

9 (a) A ~~[No]~~ person may not be appointed to or serve on the
10 commission, or hold an office under the commission, or be employed
11 by the commission, if the person is employed by or ~~[who:~~

12 ~~[(1)]~~ has a ~~[any]~~ financial interest ~~[connection with a~~
13 ~~person engaged]~~ in an alcoholic beverage business. For purposes of
14 this subsection, a person has a financial interest ~~[+~~

15 ~~[(2) holds stocks or bonds]~~ in an alcoholic beverage
16 business if:

17 (1) the person owns or controls, directly or
18 indirectly, an ownership ~~[, or~~

19 ~~[(3) has a pecuniary]~~ interest of:

20 (A) at least five percent in a single ~~[an]~~
21 alcoholic beverage business, including the right to share in
22 profits, proceeds, or capital gains; or

23 (B) at least five percent cumulative interest,
24 including the right to share in profits, proceeds, or capital
25 gains, in multiple alcoholic beverage businesses; or

26 (2) the person's spouse or child has an ownership
27 interest described by Subdivision (1).

1 (a-1) A financial interest prohibited by Subsection (a)
2 does not include an ownership interest under a retirement plan, a
3 blind trust, or insurance coverage, or an ownership interest of
4 less than five percent in a corporation.

5 (a-2) Notwithstanding any other law, a child of a commission
6 employee may be employed by the holder of a license or permit issued
7 under this code.

8 (a-3) [~~(a-2)~~] The commission shall establish an agency
9 policy requiring employees to disclose information regarding their
10 children's employment by a holder of a license or permit issued
11 under this code.

12 SECTION 9. Effective September 1, 2019, Subchapter A,
13 Chapter 5, Alcoholic Beverage Code, is amended by adding Section
14 5.21 to read as follows:

15 Sec. 5.21. ADVISORY COMMITTEES. (a) The commission, by
16 rule, may establish advisory committees it considers necessary to
17 accomplish the purposes of this code.

18 (b) Chapter 2110, Government Code, applies to an advisory
19 committee created by the commission.

20 SECTION 10. Effective September 1, 2019, the heading to
21 Section 5.361, Alcoholic Beverage Code, is amended to read as
22 follows:

23 Sec. 5.361. ENFORCEMENT; INSPECTIONS.

24 SECTION 11. Effective September 1, 2019, Section 5.361,
25 Alcoholic Beverage Code, is amended by adding Subsections (a-1) and
26 (a-2) to read as follows:

27 (a-1) As part of the commission's enforcement activities

1 under this section, the commission by rule shall develop a plan for
2 inspecting permittees and licensees using a risk-based approach
3 that prioritizes public safety. The inspection plan may provide
4 for a virtual inspection of the permittee or licensee that may
5 include a review of the permittee's or licensee's records or it may
6 also require a physical inspection of the permittee's or licensee's
7 premises.

8 (a-2) The inspection plan must:

9 (1) establish a timeline for the inspection of each
10 permittee and licensee that ensures that high-risk permittees and
11 licensees are prioritized; and

12 (2) require the commission to physically inspect the
13 premises of each permittee and licensee within a reasonable time as
14 set by rule.

15 SECTION 12. Effective September 1, 2019, Subchapter B,
16 Chapter 5, Alcoholic Beverage Code, is amended by adding Sections
17 5.363 and 5.364 to read as follows:

18 Sec. 5.363. DISCIPLINARY AUTHORITY OF ADMINISTRATOR AND
19 COMMISSION. (a) The commission by rule may delegate to the
20 administrator the authority to take disciplinary and enforcement
21 actions against a person subject to the commission's regulation
22 under this code, including the authority to enter into an agreed
23 settlement of a disciplinary action. In the rules adopted under
24 this subsection, the commission shall specify a threshold for the
25 types of disciplinary and enforcement actions that are delegated to
26 the administrator.

27 (b) The commission shall make the final decision in any

1 disciplinary action in a contested case that has had an
2 administrative hearing.

3 Sec. 5.364. RECEIPT AND USE OF MARKET DATA. (a) The
4 commission may receive market data that is voluntarily provided by
5 a licensee or permittee under this code.

6 (b) The commission may only use the market data received
7 under Subsection (a) for the commission's law enforcement purposes.
8 The commission may not use the data to create a database of
9 information containing individually identifying information.

10 SECTION 13. Section 5.40, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 5.40. REGULATION OF MALT BEVERAGE [~~BEER~~] CONTAINER
13 DEPOSITS. If the commission finds it necessary to effectuate the
14 purposes of this code, it may adopt rules to provide a schedule of
15 deposits required to be obtained on malt beverage [~~beer~~] containers
16 delivered by a licensee.

17 SECTION 14. Effective December 31, 2020, Section 5.43,
18 Alcoholic Beverage Code, is amended to read as follows:

19 Sec. 5.43. WHO MAY HOLD HEARING; RULES OF EVIDENCE. (a)
20 Except [~~as provided by Subsection (b)] for a hearing [~~held under~~~~
21 ~~Section 61.32 of this code, a hearing]~~ on the adoption of commission
22 rules[7] or a hearing on an employment matter, the commission
23 designates the State Office of Administrative Hearings to conduct
24 and make a record of any hearing authorized by this code. If the
25 commission or administrator declares a hearing to be an emergency,
26 the State Office of Administrative Hearings shall assign an
27 administrative law judge or may contract with a qualified

1 individual within five days and set a hearing as soon as possible.

2 (b) The commission [~~or administrator~~] may render a decision
3 on the basis of the record or the proposal for decision if one is
4 required under the administrative procedure law, Chapter 2001,
5 Government Code, as if the [~~administrator or entire~~] commission had
6 conducted the hearing. The commission may prescribe its rules of
7 procedure for cases not heard by the State Office of Administrative
8 Hearings.

9 SECTION 15. Section 5.50, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 5.50. ESTABLISHMENT OF CERTAIN FEES. (a) The
12 commission by rule may establish reasonable fees for tasks and
13 services performed by the commission in carrying out the provisions
14 of this code, including fees for [~~incidental to~~] the issuance of
15 certificates, licenses, and permits under Title 3 [~~of this code~~].

16 (b) The commission may not increase or decrease a fee set by
17 this code, but if a statute is enacted creating a certificate,
18 permit, or license and there is no fee established, the commission
19 by rule may set a fee. The commission by rule shall assess a fee
20 [~~surcharges~~] on all applicants for an original or renewal
21 certificate, permit, or license issued by the commission [~~in~~
22 ~~addition to any fee set by this code~~] and collect the fee
23 [~~surcharges~~] at the time of application.

24 (b-1) The commission shall develop a process for setting
25 fees that ensures the amount of the fees for an original or renewal
26 certificate, permit, or license is sufficient to cover the costs
27 incurred by the commission in administering this code. The process

1 must:

2 (1) allow the commission to:

3 (A) consider relevant information including the
4 type of business being regulated and the level of regulatory
5 activities associated with each certificate, permit, or license;
6 and

7 (B) set different fees for the same original or
8 renewal certificate, permit, or license if the commission
9 determines the level of regulatory activities associated with a
10 certificate, permit, or license varies; and

11 (2) ensure that [~~In assessing a surcharge,~~] the
12 commission does [~~may~~] not overly penalize any segment of the
13 alcoholic beverage industry or impose an undue hardship on small
14 businesses.

15 (b-2) The commission shall periodically review the amount
16 of each fee collected under this code and adjust the amount of each
17 fee to ensure that the commission's regulatory costs are fairly
18 allocated among all certificate, permit, and license holders.

19 (c) Insofar as they relate to the levying and collection of
20 a local fee, Sections 11.38 and 61.36 [~~of this code~~] do not apply to
21 fees set by rule of the commission.

22 (d) Revenues [~~and surcharges~~] from fees collected by the
23 commission under this section shall be deposited in the general
24 revenue fund.

25 SECTION 16. Section 5.51, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 5.51. BOOKKEEPING RECORDS. A permittee who holds a

1 permit issued under Chapter [~~Chapters~~] 28, 30, or 32 [~~through 33 of~~
2 ~~this code~~] may elect to keep all records required under this code on
3 a machine bookkeeping system. A permittee who desires to use such a
4 system must submit a written application for commission approval of
5 the system before implementing the system. The commission may
6 authorize a permittee to centralize the permittee's records.

7 SECTION 17. Effective September 1, 2019, Section 5.56(b),
8 Alcoholic Beverage Code, is amended to read as follows:

9 (b) The commission in accordance with this subsection may
10 recover the amount transferred under Subsection (a) by imposing a
11 surcharge on licenses and permits [~~, other than an agent's permit or~~
12 ~~an agent's beer license,~~] issued or renewed by the commission each
13 fiscal year. The surcharge shall be an amount equal to the amount
14 transferred under Subsection (a) divided by the number of licenses
15 and permits the commission anticipates issuing during that year,
16 rounded down to the next lowest whole dollar.

17 SECTION 18. Section 5.57(c), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (c) The commission shall make a reasonable attempt to meet
20 with alcoholic beverage industry representatives from:

21 (1) the manufacturing, distribution, and retail tiers
22 of the industry; and

23 (2) the liquor, malt beverage [~~beer~~], and wine
24 segments of the industry.

25 SECTION 19. Effective September 1, 2019, Subchapter B,
26 Chapter 5, Alcoholic Beverage Code, is amended by adding Section
27 5.581 to read as follows:

1 Sec. 5.581. DISCLOSURE OF PERSONNEL RECORDS OF COMMISSIONED
2 PEACE OFFICERS. (a) In this section, "personnel record" includes
3 any letter, memorandum, or document maintained by the commission
4 that relates to a commissioned peace officer of the commission,
5 including background investigations, employment applications,
6 employment contracts, service and training records, requests for
7 off-duty employment, birth records, reference letters, letters of
8 recommendation, performance evaluations and counseling records,
9 results of physical tests, polygraph questionnaires and results,
10 proficiency tests, the results of health examinations and other
11 medical records, workers' compensation files, the results of
12 psychological examinations, leave requests, requests for transfers
13 of shift or duty assignments, commendations, promotional
14 processes, demotions, complaints and investigations,
15 employment-related grievances, and school transcripts.

16 (b) Except as provided by Subsection (c), the personnel
17 records of a commissioned peace officer of the commission may not be
18 disclosed under Chapter 552, Government Code, or otherwise made
19 available to the public while there is a pending internal
20 investigation for alleged employee misconduct.

21 (c) The commission may release any personnel record of a
22 commissioned peace officer:

23 (1) pursuant to a subpoena or court order, including a
24 discovery order;

25 (2) for use by the commission in an administrative
26 hearing; or

27 (3) with the written authorization of the officer who

1 is the subject of the record, as long as release of the information
2 does not interfere with the investigation of alleged misconduct by
3 the commissioned peace officer.

4 (d) A release of information under Subsection (c) does not
5 wave the right to assert in the future that the information is
6 excepted from required disclosure under this section or other law.

7 SECTION 20. Sections 6.03(g) and (k), Alcoholic Beverage
8 Code, are amended to read as follows:

9 (g) To accommodate the interests of the consuming public,
10 the expansion of popular nationwide businesses, and the increasing
11 state interest in tourism, and at the same time to guard against the
12 threats of organized crime, unfair competition, and decreased
13 opportunities for small businesses, the legislature finds that
14 there is no longer need for the three-year residency requirements
15 with regard to those segments of the industry that sell alcoholic
16 beverages to the ultimate consumer only. The legislature finds
17 that it is desirable to retain a one-year residency requirement for
18 businesses that sell to the consumer packaged liquor and fortified
19 wine capable of being used to supply legal or illegal bars and
20 clubs. The legislature also finds it reasonable, desirable, and in
21 the best interests of the state to provide a one-year residency
22 requirement for businesses engaged in the wholesale distribution of
23 [~~beer,~~] malt beverages [~~liquor,~~] or wine or in the manufacture and
24 distribution of distilled spirits and fortified wines at both the
25 wholesale and the retail levels where those beverages, in unopened
26 containers, are sold to mixed beverage permittees and private club
27 registration permittees as well as to the general public. Adequate

1 protection is deemed to be provided by controlling those sources of
2 supply for distilled spirits and fortified wines.

3 (k) A requirement under this code that 51 percent or more of
4 the stock of a corporation be owned by a person or persons who were
5 citizens of this state for a one-year period preceding the date of
6 the filing of an application for a license or permit does not apply
7 to a corporation organized under the laws of this state that applies
8 for a license or permit under Chapters 25, 26, 28, 30, 32, 48, 50,
9 69, 71, and [~~25-34, Chapter 44, Chapters 48-51, Chapters 69-72, or~~
10 ~~Chapter~~] 74 [~~of this code~~] if:

11 (1) all of the officers and a majority of directors of
12 the applicant corporation have resided within the state for a
13 one-year period preceding the date of the application and each
14 officer or director possesses the qualifications required of other
15 applicants for permits and licenses;

16 (2) the applicant corporation and the applicant's
17 shareholders have no direct or indirect ownership or other
18 prohibited relationship with others engaged in the alcoholic
19 beverage industry at different levels as provided by Chapter 102
20 [~~of this code~~] and other provisions of this code;

21 (3) the applicant corporation is not precluded by law,
22 rule, charter, or corporate bylaw from disclosing the applicant's
23 shareholders to the commission; and

24 (4) the applicant corporation maintains its books and
25 records relating to its alcoholic beverage operations in the state
26 at its registered office or at a location in the state approved in
27 writing by the commission.

1 SECTION 21. Effective December 31, 2020, Section 11.015,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 11.015. HEARING LOCATION. Notwithstanding any other
4 provision of this code, [~~except for a hearing required to be~~
5 ~~conducted by a county judge,~~] a hearing related to the issuance,
6 renewal, cancellation, or suspension of a permit under this
7 subtitle may be conducted:

8 (1) in the county in which the premises is located;

9 (2) at the nearest permanent hearing office of the
10 State Office of Administrative Hearings; or

11 (3) at any location agreed to by the parties.

12 SECTION 22. Sections 11.09(a) and (b), Alcoholic Beverage
13 Code, are amended to read as follows:

14 (a) A permit issued under this code expires on the second
15 anniversary of the date it is issued, except as provided by
16 Subsections (d) and (e) or another provision of this code.
17 [~~Notwithstanding Section 5.50(b), the commission shall double the~~
18 ~~amount of fees and surcharges otherwise applicable under this code~~
19 ~~for a permit with a two-year term.]~~

20 (b) A secondary permit which requires the holder of the
21 permit to first obtain another permit, including a retailer late
22 hours certificate [~~permit or temporary permit~~], expires on the same
23 date the basic or primary permit expires. The commission may not
24 prorate or refund any part of the fee for the secondary permit if
25 the application of this section results in the expiration of the
26 permit in less than two years.

27 SECTION 23. Section 11.13(a), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (a) This section applies only to a license or permit held in
3 connection with an establishment located in a county with a
4 population of 1.4 million or more for which a license or permit has
5 been issued under Chapter 25 or 69 for the on-premises consumption
6 of malt beverages [~~beer~~] exclusively or malt beverages [~~beer~~] and
7 wine exclusively, other than a license or permit for an
8 establishment holding a food and beverage certificate whose primary
9 business being operated on the premises is food service.

10 SECTION 24. Effective September 1, 2019, Section 11.31,
11 Alcoholic Beverage Code, is amended to read as follows:

12 Sec. 11.31. APPLICATION FOR PERMIT. All permits shall be
13 applied for and obtained from the commission. [~~This section does
14 not apply to wine and beer retailer's permits, except those for
15 railway cars or excursion boats, or to wine and beer retailer's
16 off-premise permits.~~]

17 SECTION 25. Section 11.321(b), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (b) In addition to any other applicable civil or criminal
20 penalty, the commission may impose an administrative penalty not to
21 exceed \$4,000 on a licensee or permittee who makes a false or
22 misleading statement in an original or renewal application, either
23 in the formal application itself or in any written instrument
24 relating to the application submitted to the commission or its
25 officers or employees, in connection with an establishment that is
26 licensed or permitted under Chapter 25 or 69 for the on-premises
27 consumption of malt beverages [~~beer~~] exclusively or malt beverages

1 [~~beer~~] and wine exclusively, other than an establishment holding a
2 food and beverage certificate whose primary business being operated
3 on the premises is food service.

4 SECTION 26. Section 11.34, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 11.34. CONSOLIDATED APPLICATION. (a) An applicant
7 for a wholesaler's, class B wholesaler's, distiller's and
8 rectifier's, [~~brewer's,~~] or winery permit may consolidate in a
9 single application the [~~his~~] application for that permit and an
10 [~~his~~] application for[+]

11 [~~(1) private storage,~~
12 [~~(2) storage in a public bonded warehouse,~~
13 [~~(3) a private carrier's permit, and~~
14 [~~(4)~~] any other permit the applicant [~~he~~] is qualified
15 to receive.

16 (b) An applicant who files a consolidated application must
17 pay the fee required by commission rule [~~prescribed in this code~~]
18 for each permit included in the application.

19 SECTION 27. Effective September 1, 2019, Sections 11.37(a)
20 and (b), Alcoholic Beverage Code, are amended to read as follows:

21 (a) The county clerk of the county in which an application
22 for a permit is made shall certify whether the location or address
23 given in the application is in a wet area and whether the sale of
24 alcoholic beverages for which the permit is sought is prohibited by
25 any valid order of the commissioners court. The county clerk shall
26 issue the certification not later than the 30th day after the date
27 the county clerk receives the application for certification.

1 (b) The city secretary or clerk of the city in which an
2 application for a permit is made shall certify whether the location
3 or address given in the application is in a wet area and whether the
4 sale of alcoholic beverages for which the permit is sought is
5 prohibited by charter or ordinance. The city secretary or clerk of
6 the city shall issue the certification not later than the 30th day
7 after the date the city secretary or clerk of the city receives the
8 application for certification.

9 SECTION 28. Section 11.38(d), Alcoholic Beverage Code, is
10 amended to read as follows:

11 (d) The following are exempt from the fee authorized in this
12 section:

13 (1) [~~agent's, airline beverage,~~] passenger
14 transportation [~~train beverage, passenger bus beverage,~~
15 ~~industrial~~], carrier [~~carrier's, private carrier's~~], private club
16 registration, and local cartage[~~, storage, and temporary wine and~~
17 ~~beer retailer's~~] permits;

18 [~~(2) a wine and beer retailer's permit issued for a~~
19 ~~dining, buffet, or club car,~~] and

20 (2) [~~(3)~~] a mixed beverage permit during the
21 three-year period following the issuance of the permit.

22 SECTION 29. Effective December 31, 2020, Section 11.38(e),
23 Alcoholic Beverage Code, is amended to read as follows:

24 (e) The commission or administrator may cancel or the
25 commission may deny a permit for the retail sale or service of
26 alcoholic beverages, including a permit held by the holder of a food
27 and beverage certificate, if it finds that the permit holder or

1 applicant has not paid delinquent ad valorem taxes due on that
2 permitted premises or due from a business operated on that premises
3 to any taxing authority in the county of the premises. For purposes
4 of this subsection, a permit holder or applicant is presumed
5 delinquent in the payment of taxes due if the permit holder or
6 applicant:

7 (1) is placed on a delinquent tax roll prepared under
8 Section 33.03, Tax Code;

9 (2) has received a notice of delinquency under Section
10 33.04, Tax Code; and

11 (3) has not made a payment required under Section
12 42.08, Tax Code.

13 SECTION 30. Sections 11.39(a) and (d), Alcoholic Beverage
14 Code, are amended to read as follows:

15 (a) Every applicant for a [~~brewer's,~~] distiller's and
16 rectifier's, mixed beverage, private club registration, winery,
17 wholesaler's, class B wholesaler's, [~~wine bottler's,~~] or package
18 store permit shall give notice of the application by publication at
19 the applicant's [~~his~~] own expense in two consecutive issues of a
20 newspaper of general circulation published in the city or town in
21 which the applicant's [~~his~~] place of business is located. If no
22 newspaper is published in the city or town, the notice shall be
23 published in a newspaper of general circulation published in the
24 county where the applicant's business is located. If no newspaper
25 is published in the county, the notice shall be published in a
26 qualified newspaper published in the closest neighboring county and
27 circulated in the county of the applicant's residence.

1 (d) This section does not apply to:

2 (1) an applicant for a nonprofit entity [~~daily~~
3 temporary event [~~mixed beverage~~] permit; or

4 (2) commission authorization required to sell
5 alcoholic beverages under Section 28.19 [~~or a caterer's permit~~].

6 SECTION 31. Section 11.391(c), Alcoholic Beverage Code, is
7 amended to read as follows:

8 (c) This section does not apply to an applicant for a permit
9 issued under Chapter 16, 19, 20, [~~21,~~] 22, 23, or 24 [~~, or 52~~].

10 SECTION 32. Section 11.392(a), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (a) The commission shall give notice of an application for a
13 permit or renewal of a permit issued under Chapter 32, an
14 application for a permit issued under Section 30.09, or an
15 application for a certificate or renewal of a certificate issued to
16 the holder of a private club registration permit under Chapter 29
17 [~~or 33~~] to:

18 (1) the state senator and the state representative who
19 represent the district in which the premises are located;

20 (2) the municipal governing body, if the premises are
21 located in an incorporated area, and the commissioners court of the
22 county in which the premises are located; and

23 (3) the chief of police of the municipality, if the
24 premises are located in an incorporated area, and the sheriff of the
25 county in which the premises are located.

26 SECTION 33. (a) Effective December 31, 2020, Subchapter B,
27 Chapter 11, Alcoholic Beverage Code, is amended by amending Section

1 11.43 and adding Sections 11.431 and 11.432 to read as follows:

2 Sec. 11.43. APPLICATION REVIEW PROCESS [~~DISCRETION TO GRANT~~
3 ~~OR REFUSE PERMIT~~]. (a) The commission has [~~and administrator have~~]
4 discretionary authority [~~to grant or refuse~~] to issue an original
5 or renewal permit or deny an application for an original or renewal
6 permit under the provisions of this subchapter or any other
7 applicable provision of this code.

8 (b) On receipt of an application for a permit under this
9 code, the administrator shall evaluate the application. If a
10 protest against the application has been filed, the administrator
11 shall first evaluate the protest.

12 (c) If the administrator determines that no reasonable
13 grounds exist for the protest, or if no protest has been filed, the
14 administrator shall evaluate the permit application.

15 (d) If after evaluating the permit application under
16 Subsection (c) the administrator finds that all facts stated in the
17 application are true and no legal ground to deny the application
18 exists, the administrator shall issue a permit if the commission
19 has delegated authority to issue permits to the administrator. If
20 the commission has not delegated authority to issue permits to the
21 administrator, the administrator shall recommend to the commission
22 that the application be approved and the commission may issue the
23 permit. If the commission does not issue the permit, the
24 administrator shall refer the application for a hearing as provided
25 by Subsection (h).

26 (e) If after the evaluation of a permit application the
27 administrator finds a legal ground to deny the permit application,

1 the administrator shall recommend to the commission that the
2 application be denied. If the administrator recommends denial of
3 the application, the applicant may request a hearing as provided by
4 Subsection (h).

5 (f) If the administrator finds that reasonable grounds
6 exist for the protest, the administrator shall evaluate the
7 application in light of the protest. If, but for the protest, the
8 administrator would approve the application, the administrator
9 shall refer the protested application for a hearing. In a hearing
10 on a protested application, the State Office of Administrative
11 Hearings may request any information from the commission the office
12 determines relevant.

13 (g) If after evaluating the application with the protest the
14 administrator finds a legal ground to deny the permit application,
15 the administrator shall recommend to the commission that the
16 application be denied. If the administrator recommends denial of
17 the application, the applicant may request a hearing as provided by
18 Subsection (h).

19 (h) A hearing under this section shall be conducted by the
20 State Office of Administrative Hearings in a location authorized by
21 Section 11.015. Chapter 2001, Government Code, applies to a
22 hearing under this section. After a hearing the administrative law
23 judge shall make findings of fact and conclusions of law and
24 promptly issue to the commission a proposal for a decision on the
25 application. Based on the findings of fact, conclusions of law, and
26 proposal for a decision, the commission shall issue a final
27 decision denying the application or issuing the permit.

1 (i) If the commission denies a permit application, the
2 applicant may, after exhausting all administrative remedies,
3 appeal the commission's decision to a Travis County district court.

4 (j) The commission shall adopt rules to implement the
5 application review and protest process including reasonable
6 timelines, identifying the roles and responsibilities of all
7 parties involved in the process and identifying potential avenues
8 for mediation or informal dispute resolution.

9 Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
10 of the public may protest an application for:

11 (1) [~~Notwithstanding any other provision of this code~~
12 ~~that authorizes the commission or administrator to refuse to issue~~
13 ~~a permit without a hearing, the commission or administrator shall~~
14 ~~hold a hearing before granting or refusing to issue]~~ an original
15 mixed beverage permit, private club registration permit, or wine
16 and beer retailer's permit[, ~~or retail dealer's on-premise license]~~
17 if a sexually oriented business is to be operated on the premises to
18 be covered by the permit;

19 (2) [~~or license.~~

20 [~~(c) A hearing shall be held on]~~ any renewal [~~application]~~
21 of a mixed beverage permit, private club registration permit, or
22 wine and beer retailer's permit[, ~~or retail dealer's on-premise~~
23 ~~license]~~ if a sexually oriented business is to be operated on the
24 premises to be covered by the permit [~~or license]~~ and a petition is
25 presented to the commission requesting a hearing which is signed by
26 50 percent of the residents who reside within 300 feet of any
27 property line of the affected premises;

1 (3) a private club registration permit or a permit
2 authorizing the retail sale of alcoholic beverages for on-premises
3 consumption if the person resides within 300 feet of any property
4 line of the premises for which the permit is sought; and

5 (4) a mixed beverage permit or a wine and beer
6 retailer's permit in a municipality with a population of 1,500,000
7 or more if:

8 (A) any point of the property line of the premise
9 is less than 300 feet from the nearest point on a property line of a
10 residence, church, school, hospital, day-care facility, or social
11 service facility, as measured in a straight line; and

12 (B) 75 percent or more of the permittee's actual
13 or anticipated gross revenue is from the sale of alcoholic
14 beverages.

15 (b) In addition to the situations described by Subsection
16 (a), the commission by rule may authorize a member of the public to
17 protest other permit applications the commission considers
18 appropriate.

19 (c) [~~(d)~~] A protest made under this section [~~request for a~~
20 hearing made under Subsection (b) or (c) of this section] must
21 include an allegation of grounds on which the original or renewal
22 application, as applicable, should be denied.

23 Sec. 11.432. PROTEST BY GOVERNMENT OFFICIAL. (a) The
24 following persons may protest an application for an alcoholic
25 beverage permit:

26 (1) a state senator, state representative, county
27 commissioner, or city council member who represents the area in

1 which the premises sought to be permitted are located;

2 (2) the commissioners court of the county in which the
3 premises sought to be permitted are located;

4 (3) the county judge of the county in which the
5 premises sought to be permitted are located;

6 (4) the sheriff or county or district attorney of the
7 county in which the premises sought to be permitted are located;

8 (5) the mayor of the city or town in which the premises
9 sought to be permitted are located; and

10 (6) the chief of police, city marshal, or city
11 attorney of the city or town in which the premises sought to be
12 permitted are located.

13 (b) The commission may give due consideration to the
14 recommendations of a person listed under Subsection (a) when
15 evaluating an application for a permit under this code.

16 (b) Effective September 1, 2021, Subchapter B, Chapter 11,
17 Alcoholic Beverage Code, is amended by amending Section 11.43 and
18 adding Section 11.431 to read as follows:

19 Sec. 11.43. APPLICATION REVIEW PROCESS [~~DISCRETION TO GRANT~~
20 ~~OR REFUSE PERMIT~~]. (a) The commission has [~~and administrator have~~]
21 discretionary authority [~~to grant or refuse~~] to issue an original
22 or renewal permit or deny an application for an original or renewal
23 permit under the provisions of this subchapter or any other
24 applicable provision of this code.

25 (b) On receipt of an application for a permit under this
26 code, the administrator shall evaluate the application. If a
27 protest against the application has been filed, the administrator

1 shall first evaluate the protest.

2 (c) If the administrator determines that no reasonable
3 grounds exist for the protest, or if no protest has been filed, the
4 administrator shall evaluate the permit application.

5 (d) If after evaluating the permit application under
6 Subsection (c) the administrator finds that all facts stated in the
7 application are true and no legal ground to deny the application
8 exists, the administrator shall issue a permit if the commission
9 has delegated authority to issue permits to the administrator. If
10 the commission has not delegated authority to issue permits to the
11 administrator, the administrator shall recommend to the commission
12 that the application be approved and the commission may issue the
13 permit. If the commission does not issue the permit, the
14 administrator shall refer the application for a hearing as provided
15 by Subsection (h).

16 (e) If after the evaluation of a permit application the
17 administrator finds a legal ground to deny the permit application,
18 the administrator shall recommend to the commission that the
19 application be denied. If the administrator recommends denial of
20 the application, the applicant may request a hearing as provided by
21 Subsection (h).

22 (f) If the administrator finds that reasonable grounds
23 exist for the protest, the administrator shall evaluate the
24 application in light of the protest. If, but for the protest, the
25 administrator would approve the application, the administrator
26 shall refer the protested application for a hearing. In a hearing
27 on a protested application, the State Office of Administrative

1 Hearings may request any information from the commission the office
2 determines relevant.

3 (g) If after evaluating the application with the protest the
4 administrator finds a legal ground to deny the permit application,
5 the administrator shall recommend to the commission that the
6 application be denied. If the administrator recommends denial of
7 the application, the applicant may request a hearing as provided by
8 Subsection (h).

9 (h) A hearing under this section shall be conducted by the
10 State Office of Administrative Hearings in a location authorized by
11 Section 11.015. Chapter 2001, Government Code, applies to a
12 hearing under this section. After a hearing the administrative law
13 judge shall make findings of fact and conclusions of law and
14 promptly issue to the commission a proposal for a decision on the
15 application. Based on the findings of fact, conclusions of law, and
16 proposal for a decision, the commission shall issue a final
17 decision denying the application or issuing the permit.

18 (i) If the commission denies a permit application, the
19 applicant may, after exhausting all administrative remedies,
20 appeal the commission's decision to a Travis County district court.

21 (j) The commission shall adopt rules to implement the
22 application review and protest process including reasonable
23 timelines, identifying the roles and responsibilities of all
24 parties involved in the process and identifying potential avenues
25 for mediation or informal dispute resolution.

26 Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
27 of the public may protest an application for:

1 (1) [~~Notwithstanding any other provision of this code~~
2 ~~that authorizes the commission or administrator to refuse to issue~~
3 ~~a permit without a hearing, the commission or administrator shall~~
4 ~~hold a hearing before granting or refusing to issue]~~ an original
5 mixed beverage permit, private club registration permit, or wine
6 and malt beverage [~~beer~~] retailer's permit[, ~~or retail dealer's~~
7 ~~on-premise license]~~ if a sexually oriented business is to be
8 operated on the premises to be covered by the permit;

9 (2) [~~or license.~~
10 [~~(c) A hearing shall be held on]~~ any renewal [~~application]~~
11 of a mixed beverage permit, private club registration permit, or
12 wine and malt beverage [~~beer~~] retailer's permit[, ~~or retail~~
13 ~~dealer's on-premise license]~~ if a sexually oriented business is to
14 be operated on the premises to be covered by the permit [~~or license]~~
15 and a petition is presented to the commission requesting a hearing
16 which is signed by 50 percent of the residents who reside within 300
17 feet of any property line of the affected premises;

18 (3) a private club registration permit or a permit
19 authorizing the retail sale of alcoholic beverages for on-premises
20 consumption if the person resides within 300 feet of any property
21 line of the premises for which the permit is sought; and

22 (4) a mixed beverage permit or a wine and malt beverage
23 retailer's permit in a municipality with a population of 1,500,000
24 or more if:

25 (A) any point of the property line of the premise
26 is less than 300 feet from the nearest point on a property line of a
27 residence, church, school, hospital, day-care facility, or social

1 service facility, as measured in a straight line; and

2 (B) 75 percent or more of the permittee's actual
3 or anticipated gross revenue is from the sale of alcoholic
4 beverages.

5 (b) In addition to the situations described by Subsection
6 (a), the commission by rule may authorize a member of the public to
7 protest other permit applications the commission considers
8 appropriate.

9 (c) [~~(d)~~] A protest made under this section [~~request for a~~
10 hearing made under Subsection (b) or (c) of this section] must
11 include an allegation of grounds on which the original or renewal
12 application, as applicable, should be denied.

13 SECTION 34. Effective December 31, 2020, Section 11.44(b),
14 Alcoholic Beverage Code, is amended to read as follows:

15 (b) The commission [~~or administrator~~] shall deny an
16 application [~~refuse to issue~~] for [~~a period of three years~~] a permit
17 or license for any location of [~~to~~] an applicant who submitted a
18 prior application that expired or was voluntarily surrendered
19 before the hearing on the application was held on a protest
20 involving allegations of prostitution, a shooting, stabbing, or
21 other violent act, or an offense involving drugs or trafficking of
22 persons before the third anniversary of [~~. The three-year period~~
23 ~~commences on~~] the date the prior application expired or was
24 voluntarily surrendered.

25 SECTION 35. (a) Effective September 1, 2019, Section
26 11.46(a), Alcoholic Beverage Code, is amended to read as follows:

27 (a) The commission or administrator may refuse to issue an

1 original or renewal permit with or without a hearing if it has
2 reasonable grounds to believe and finds that any of the following
3 circumstances exists:

4 (1) the applicant has been convicted in a court of
5 competent jurisdiction of the violation of any provision of this
6 code during the two years immediately preceding the filing of the
7 [~~his~~] application;

8 (2) five years have not elapsed since the termination,
9 by pardon or otherwise, of a sentence imposed on the applicant for
10 the conviction of a felony;

11 (3) within the six-month period immediately preceding
12 the [~~his~~] application the applicant violated or caused to be
13 violated a provision of this code or a rule or regulation of the
14 commission which involves moral turpitude, as distinguished from a
15 technical violation of this code or of the rule;

16 (4) the applicant failed to answer or falsely or
17 incorrectly answered a question in an original or renewal
18 application;

19 (5) the applicant is indebted to the state for any
20 taxes, fees, or payment of penalty imposed by this code or by rule
21 of the commission;

22 (6) the applicant is not of good moral character or the
23 applicant's [~~his~~] reputation for being a peaceable, law-abiding
24 citizen in the community where the applicant [~~he~~] resides is bad;

25 (7) the applicant is a minor;

26 (8) the place or manner in which the applicant may
27 conduct the applicant's [~~his~~] business warrants the denial

1 ~~[refusal]~~ of the application for a permit based on the general
2 welfare, health, peace, morals, and safety of the people and on the
3 public sense of decency;

4 (9) the applicant has developed an incapacity that
5 prevents or could prevent the applicant from conducting the
6 applicant's business with reasonable skill, competence, and safety
7 to the public ~~[is in the habit of using alcoholic beverages to~~
8 ~~excess or is physically or mentally incapacitated]~~;

9 (10) the applicant will sell liquor unlawfully in a
10 dry area or in a manner contrary to law or will knowingly permit an
11 agent, servant, or employee to do so;

12 (11) the applicant is not a United States citizen or
13 has not been a citizen of Texas for a period of one year immediately
14 preceding the filing of the applicant's ~~[his]~~ application, unless
15 the applicant ~~[he]~~ was issued a permit or renewal permit on or
16 before September 1, 1948, and has at some time been a United States
17 citizen;

18 (12) the applicant does not provide an adequate
19 building available at the address for which the permit is sought
20 before conducting any activity authorized by the permit;

21 (13) the applicant is residentially domiciled with a
22 person whose permit or license has been cancelled for cause within
23 the 12 months immediately preceding the date of the applicant's
24 ~~[his]~~ present application;

25 (14) the applicant has failed or refused to furnish a
26 true copy of the applicant's ~~[his]~~ application to the commission's
27 district office in the district in which the premises for which the

1 permit is sought are located; or

2 (15) during the six months immediately preceding the
3 filing of the application the premises for which the permit is
4 sought have been operated, used, or frequented for a purpose or in a
5 manner that is lewd, immoral, or offensive to public decency.

6 (b) Effective December 31, 2020, Section 11.46, Alcoholic
7 Beverage Code, is amended to read as follows:

8 Sec. 11.46. GENERAL GROUNDS FOR DENIAL [~~REFUSAL~~]. (a) The
9 commission [~~or administrator~~] may deny an application for [~~refuse~~
10 ~~to issue~~] an original or renewal permit [~~with or without a hearing~~]
11 if it has reasonable grounds to believe and finds that any of the
12 following circumstances exists:

13 (1) the applicant has been convicted in a court of
14 competent jurisdiction of the violation of any provision of this
15 code during the two years immediately preceding the filing of the
16 [~~his~~] application;

17 (2) five years have not elapsed since the termination,
18 by pardon or otherwise, of a sentence imposed on the applicant for
19 the conviction of a felony;

20 (3) within the six-month period immediately preceding
21 the [~~his~~] application the applicant violated or caused to be
22 violated a provision of this code or a rule or regulation of the
23 commission which involves moral turpitude, as distinguished from a
24 technical violation of this code or of the rule;

25 (4) the applicant failed to answer or falsely or
26 incorrectly answered a question in an original or renewal
27 application;

1 (5) the applicant is indebted to the state for any
2 taxes, fees, or payment of penalty imposed by this code or by rule
3 of the commission;

4 (6) the applicant is not of good moral character or the
5 applicant's [~~his~~] reputation for being a peaceable, law-abiding
6 citizen in the community where the applicant [~~he~~] resides is bad;

7 (7) the applicant is a minor;

8 (8) the place or manner in which the applicant may
9 conduct the applicant's [~~his~~] business warrants the denial
10 [~~refusal~~] of the application for a permit based on the general
11 welfare, health, peace, morals, and safety of the people and on the
12 public sense of decency;

13 (9) the applicant has developed an incapacity that
14 prevents or could prevent the applicant from conducting the
15 applicant's business with reasonable skill, competence, and safety
16 to the public [~~is in the habit of using alcoholic beverages to~~
17 ~~excess or is physically or mentally incapacitated~~];

18 (10) the applicant will sell liquor unlawfully in a
19 dry area or in a manner contrary to law or will knowingly permit an
20 agent, servant, or employee to do so;

21 (11) the applicant is not a United States citizen or
22 has not been a citizen of Texas for a period of one year immediately
23 preceding the filing of the applicant's [~~his~~] application, unless
24 the applicant [~~he~~] was issued a permit or renewal permit on or
25 before September 1, 1948, and has at some time been a United States
26 citizen;

27 (12) the applicant does not provide an adequate

1 building available at the address for which the permit is sought
2 before conducting any activity authorized by the permit;

3 (13) the applicant is residentially domiciled with a
4 person whose permit or license has been cancelled for cause within
5 the 12 months immediately preceding the date of the applicant's
6 ~~[his]~~ present application;

7 (14) the applicant has failed or refused to furnish a
8 true copy of the applicant's ~~[his]~~ application to the commission's
9 district office in the district in which the premises for which the
10 permit is sought are located; or

11 (15) during the six months immediately preceding the
12 filing of the application the premises for which the permit is
13 sought have been operated, used, or frequented for a purpose or in a
14 manner that is lewd, immoral, or offensive to public decency.

15 (b) The commission ~~[or administrator]~~ shall deny an
16 application for ~~[refuse to issue]~~ an original permit authorizing
17 the retail sale of alcoholic beverages unless the applicant for the
18 permit files with the application a certificate issued by the
19 comptroller of public accounts stating that the applicant holds, or
20 has applied for and satisfies all legal requirements for the
21 issuance of, a sales tax permit, if required, for the place of
22 business for which the alcoholic beverage permit is sought.

23 (c) The commission ~~[or administrator]~~ shall deny ~~[refuse to~~
24 ~~issue]~~ for a period of one year after cancellation an application
25 for a mixed beverage permit or private club registration permit for
26 a premises where a license or permit has been canceled during the
27 preceding 12 months as a result of a shooting, stabbing, or other

1 violent act, or as a result of an offense involving drugs,
2 prostitution, or trafficking of persons.

3 (d) The commission [~~or administrator~~] shall deny an
4 application for [~~refuse to issue~~] an original permit of [~~to~~] a
5 person convicted of an offense under Section 101.76 for a period of
6 five years from the date of the conviction.

7 SECTION 36. (a) Effective December 31, 2020, Section
8 11.47, Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 11.47. DENIAL [~~REFUSAL~~] OF PERMIT: INTEREST IN BEER
10 ESTABLISHMENT. The commission [~~or administrator~~] may deny an
11 application for [~~refuse to issue~~] an original or renewal permit
12 [~~with or without a hearing~~] if it has reasonable grounds to believe
13 and finds that the applicant or a person with whom the applicant
14 [~~he~~] is residentially domiciled has a financial interest in a
15 permit or license authorizing the sale of beer at retail, except as
16 is authorized by Section 22.06, 24.05, or 102.05 [~~of this code~~].
17 This section does not apply to an applicant for a permit which
18 authorizes the sale of mixed beverages.

19 (b) Effective September 1, 2021, Section 11.47, Alcoholic
20 Beverage Code, is amended to read as follows:

21 Sec. 11.47. DENIAL [~~REFUSAL~~] OF PERMIT: INTEREST IN MALT
22 BEVERAGE [~~BEER~~] ESTABLISHMENT. The commission [~~or administrator~~]
23 may deny an application for [~~refuse to issue~~] an original or renewal
24 permit [~~with or without a hearing~~] if it has reasonable grounds to
25 believe and finds that the applicant or a person with whom the
26 applicant [~~he~~] is residentially domiciled has a financial interest
27 in a permit or license authorizing the sale of malt beverages [~~beer~~]

1 at retail, except as is authorized by Section 22.06, 24.05, or
2 102.05 [~~of this code~~]. This section does not apply to an applicant
3 for a permit which authorizes the sale of mixed beverages.

4 SECTION 37. Effective December 31, 2020, Section 11.48,
5 Alcoholic Beverage Code, is amended to read as follows:

6 Sec. 11.48. DENIAL [~~REFUSAL~~] OF PACKAGE STORE OR MIXED
7 BEVERAGE PERMIT. (a) The commission [~~or administrator~~] may deny an
8 application for [~~refuse to issue~~] an original or renewal mixed
9 beverage permit [~~with or without a hearing~~] if it has reasonable
10 grounds to believe and finds that the applicant, directly or
11 indirectly, or through a subsidiary, affiliate, agent, or employee,
12 or through an officer, director, or firm member, owns an interest of
13 any kind in the premises, business, or permit of a package store.

14 (b) The commission [~~or administrator~~] may deny an
15 application for [~~refuse to issue~~] an original or renewal package
16 store permit [~~with or without a hearing~~] if it has reasonable
17 grounds to believe and finds that the applicant, directly or
18 indirectly, through a subsidiary, affiliate, agent, or employee, or
19 through an officer, director, or firm member, owns an interest of
20 any kind in the premises, business, or permit of a mixed beverage
21 establishment.

22 (c) This section does not apply to anything permitted by
23 Section 102.05 [~~of this code~~].

24 SECTION 38. Effective December 31, 2020, Section 11.481(b),
25 Alcoholic Beverage Code, is amended to read as follows:

26 (b) The commission [~~or administrator~~] shall deny an
27 application for [~~refuse to issue~~] an original or renewal permit

1 authorizing on-premises consumption of alcoholic beverages [~~, with~~
2 ~~or without a hearing,~~] if the commission [~~or administrator~~] has
3 reasonable grounds to believe and finds that, during the three
4 years preceding the date the permit application was filed, a
5 license or permit previously held under this code by the applicant,
6 a person who owns the premises for which the permit is sought, or an
7 officer of a person who owns the premises for which the permit is
8 sought was canceled or not renewed as a result of a shooting,
9 stabbing, or other violent act.

10 SECTION 39. Section 11.481(c), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (c) This section does not apply to the issuance of an
13 original or renewal permit authorizing on-premises consumption for
14 a location that also holds a food and beverage certificate but does
15 not hold a retailer late hours certificate [~~permit~~].

16 SECTION 40. (a) Effective December 31, 2020, Section
17 11.49, Alcoholic Beverage Code, is amended by amending Subsection
18 (b) and adding Subsection (b-1) to read as follows:

19 (b) [~~(1)~~] Subject to the approval of the commission [~~or the~~
20 ~~administrator,~~] and except as provided in Subsection (c) [~~of this~~
21 ~~section~~], an applicant for a permit or license may designate a
22 portion of the grounds, buildings, vehicles, and appurtenances to
23 be excluded from the licensed premises.

24 (b-1) [~~(2)~~] If [~~such~~] a designation under Subsection (b)
25 has been made and approved as to the holder of a license or permit
26 authorizing the sale of alcoholic beverages at retail or as to a
27 private club registration permit, the sharing of space, employees,

1 business facilities, and services with another business entity
2 (including the permittee's lessor, which, if a corporation, may be
3 a domestic or foreign corporation, but excluding a business entity
4 holding any type of winery permit, a manufacturer's license, or a
5 general[~~, local,~~] or branch distributor's license), does not
6 constitute a subterfuge or surrender of exclusive control in
7 violation of Section 109.53 or the use or display of the license for
8 the benefit of another in violation of Section 61.71(a)(14). This
9 subsection and Subsection (b) do ~~shall~~ not apply to original or
10 renewal package store permits, wine only package store permits,
11 local distributor's permits, or any type of wholesaler's permit
12 ~~permits~~.

13 (b) Effective September 1, 2021, Section 11.49, Alcoholic
14 Beverage Code, is amended by amending Subsection (b) and adding
15 Subsection (b-1) to read as follows:

16 (b) ~~(1)~~ Subject to the approval of the commission ~~or the~~
17 ~~administrator~~, and except as provided in Subsection (c) ~~of this~~
18 ~~section~~, an applicant for a permit or license may designate a
19 portion of the grounds, buildings, vehicles, and appurtenances to
20 be excluded from the licensed premises.

21 (b-1) ~~(2)~~ If ~~such~~ a designation under Subsection (b)
22 has been made and approved as to the holder of a license or permit
23 authorizing the sale of alcoholic beverages at retail or as to a
24 private club registration permit, the sharing of space, employees,
25 business facilities, and services with another business entity
26 (including the permittee's lessor, which, if a corporation, may be
27 a domestic or foreign corporation, but excluding a business entity

1 holding any type of winery permit, a brewer's [~~manufacturer's~~
2 license, or a general[~~, local,~~] or branch distributor's license),
3 does not constitute a subterfuge or surrender of exclusive control
4 in violation of Section 109.53 or the use or display of the license
5 for the benefit of another in violation of Section 61.71(a)(14).
6 This subsection and Subsection (b) do [~~shall~~] not apply to original
7 or renewal package store permits, wine only package store permits,
8 local distributor's permits, or any type of wholesaler's permit
9 [~~permits~~].

10 SECTION 41. Effective September 1, 2021, Sections 11.49(d)
11 and (e), Alcoholic Beverage Code, are amended to read as follows:

12 (d) Any package store, wine only package store,
13 wholesaler's, or local distributor's permittee who is injured in
14 the permittee's [~~his~~] business or property by another person (other
15 than a person in the person's [~~his~~] capacity as the holder of a wine
16 and malt beverage [~~beer~~] retailer's permit, wine and malt beverage
17 [~~beer~~] retailer's off-premise permit, private club registration
18 permit, or mixed beverage permit or any person in the capacity of
19 lessor of the holder of such a permit) by reason of anything
20 prohibited in this section or Section 109.53 [~~of this code~~] is
21 entitled to the same remedies available to a package store
22 permittee under Section 109.53 [~~of this code~~]. Except for actions
23 brought against a person in the person's [~~his~~] capacity as the
24 holder of or as the lessor of the holder of a wine and malt beverage
25 [~~beer~~] retailer's permit, wine and malt beverage [~~beer~~] retailer's
26 off-premise permit, mixed beverage permit, or private club
27 registration permit, the statute of limitations for any action

1 brought under this section or Section 109.53 [~~of this code~~] for any
2 cause of action arising after the effective date of this Act is four
3 years unless a false affidavit has been filed with the commission in
4 which event the statute of limitations is 10 years for all purposes.

5 (e) When a designation under Subsection (b) [~~of this~~
6 ~~section~~] is made by a wine and malt beverage [~~beer~~] retailer or a
7 malt beverage [~~beer~~] retailer, selling primarily for off-premise
8 consumption, or by a wine and malt beverage [~~beer~~] retailer's
9 off-premise permittee, no more than 20 percent of the retail floor
10 and display space of the entire premises may be included in the
11 licensed premises, and all the retail floor and display space in the
12 licensed premises must be compact and contiguous and may not be
13 gerrymandered. However, the retail floor and display space
14 included in the licensed premises may be in two separate locations
15 within the retail premises if the total retail floor and display
16 space included in the licensed premises does not exceed 20 percent
17 of the floor and display space of the entire premises and each of
18 the two portions of floor and display space included in the licensed
19 premises is itself compact and contiguous and not gerrymandered.
20 In addition to the one or two separate locations of retail floor and
21 display space on the premises, the licensed premises may include
22 the cash register and check-out portions of the premises provided
23 that (1) no alcoholic beverages are displayed in the check-out or
24 cash register portion of the premises, and (2) the area of the
25 check-out and cash register portions of the premises are counted
26 towards the total of 20 percent of the retail floor and display
27 space that may be dedicated to the sale and display of wine and malt

1 beverages [~~beer~~]. A storage area that is not accessible or visible
2 to the public may be included in the licensed premises but shall not
3 be considered retail floor and display space for purposes of this
4 section. The commission or administrator shall adopt rules to
5 implement this subsection and to prevent gerrymandering.

6 SECTION 42. Sections 11.492(a) and (b), Alcoholic Beverage
7 Code, are amended to read as follows:

8 (a) A holder of a wine and malt beverage [~~beer~~] retailer's
9 permit may change the permit to a wine and malt beverage [~~beer~~]
10 retailer's off-premise permit, and a holder of a retail dealer's
11 on-premise license may change the license to a retail dealer's
12 off-premise license, in the manner provided by this section.

13 (b) Any time before the expiration of a wine and malt
14 beverage [~~beer~~] retailer's permit or a retail dealer's on-premise
15 license the permittee or licensee may file an application for a
16 change of permit or license under Subsection (a) [~~of this section~~].
17 The applicant must make the application on a form provided by the
18 commission and the application must be accompanied by the
19 appropriate fee for the permit or license sought.

20 SECTION 43. (a) Effective December 31, 2020, Section
21 11.52, Alcoholic Beverage Code, is amended to read as follows:

22 Sec. 11.52. RESTRICTIONS ON LOCATION IN CERTAIN
23 MUNICIPALITIES. (a) In a municipality with a population of
24 1,500,000 or more, an applicant for an original or renewal [~~on the~~
25 ~~assertion by any person of any justiciable grounds for a~~
26 ~~suspension, denial, cancellation, or refusal of a~~] mixed beverage
27 permit or [a] wine and beer retailer's permit[~~, the commission or~~

1 ~~county judge, as applicable,~~] shall provide the notice required by
2 Subsection (b) [hold a hearing] if:

3 (1) any point of the property line of the premise is
4 less than 300 feet from the nearest point on a property line of a
5 residence, church, school, hospital, day-care facility, or social
6 service facility, as measured in a straight line; and

7 (2) 75 percent or more of the permittee's [~~or~~
8 ~~licensee's~~] actual or anticipated gross revenue is from the sale of
9 alcoholic beverages.

10 (b) An applicant for an original or renewal permit shall
11 give notice to all tenants or property owners affected in the area
12 described by Subsection (a) [~~of this section~~] that an application
13 has been made within five days after the application is first filed
14 for an original application and at least 30 days prior to the
15 expiration date of a permit in the case of a renewal application.

16 (b) Effective September 1, 2021, Section 11.52(a),
17 Alcoholic Beverage Code, is amended to read as follows:

18 (a) In a municipality with a population of 1,500,000 or
19 more, an applicant for an original or renewal [~~on the assertion by~~
20 ~~any person of any justiciable grounds for a suspension, denial,~~
21 ~~cancellation, or refusal of a~~] mixed beverage permit or [~~a~~] wine and
22 malt beverage [~~beer~~] retailer's permit[~~, the commission or county~~
23 ~~judge, as applicable,~~] shall provide the notice required by
24 Subsection (b) [hold a hearing] if:

25 (1) any point of the property line of the premise is
26 less than 300 feet from the nearest point on a property line of a
27 residence, church, school, hospital, day-care facility, or social

1 service facility, as measured in a straight line; and

2 (2) 75 percent or more of the permittee's [~~or~~
3 ~~licensee's~~] actual or anticipated gross revenue is from the sale of
4 alcoholic beverages.

5 SECTION 44. (a) Effective September 1, 2019, Section
6 11.61(b), Alcoholic Beverage Code, is amended to read as follows:

7 (b) The commission or administrator may suspend for not more
8 than 60 days or cancel an original or renewal permit if it is found,
9 after notice and hearing, that any of the following is true:

10 (1) the permittee has been finally convicted of a
11 violation of this code;

12 (2) the permittee violated a provision of this code or
13 a rule of the commission;

14 (3) the permittee was finally convicted of a felony
15 while holding an original or renewal permit;

16 (4) the permittee made a false or misleading statement
17 in connection with the permittee's [~~his~~] original or renewal
18 application, either in the formal application itself or in any
19 other written instrument relating to the application submitted to
20 the commission, its officers, or employees;

21 (5) the permittee is indebted to the state for taxes,
22 fees, or payment of penalties imposed by this code, by a rule of the
23 commission, or by Chapter 183, Tax Code;

24 (6) the permittee is not of good moral character or the
25 permittee's [~~his~~] reputation for being a peaceable and law-abiding
26 citizen in the community where the permittee [~~he~~] resides is bad;

27 (7) the place or manner in which the permittee

1 conducts the permittee's [~~his~~] business warrants the cancellation
2 or suspension of the permit based on the general welfare, health,
3 peace, morals, and safety of the people and on the public sense of
4 decency;

5 (8) the permittee is not maintaining an acceptable
6 bond;

7 (9) the permittee maintains a noisy, lewd, disorderly,
8 or unsanitary establishment or has supplied impure or otherwise
9 deleterious beverages;

10 (10) the permittee is insolvent or has developed an
11 incapacity that prevents or could prevent the permittee from
12 carrying on the management of the permittee's establishment with
13 reasonable skill, competence, and safety to the public [~~mentally~~
14 ~~or physically unable to carry on the management of his~~
15 ~~establishment~~];

16 (11) the permittee is in the habit of using alcoholic
17 beverages to excess;

18 (12) the permittee knowingly misrepresented to a
19 customer or the public any liquor sold by the permittee [~~him~~];

20 (13) the permittee was intoxicated on the licensed
21 premises;

22 (14) the permittee sold or delivered an alcoholic
23 beverage to an intoxicated person;

24 (15) the permittee possessed on the licensed premises
25 an alcoholic beverage that the permittee [~~he~~] was not authorized
26 under the [~~by his~~] permit to purchase and sell;

27 (16) a package store or wine only package store

1 permittee transported or shipped liquor, or caused it to be
2 transported or shipped, into a dry state or a dry area within this
3 state;

4 (17) the permittee is residentially domiciled with a
5 person who has a financial interest in an establishment engaged in
6 the business of selling beer at retail, other than a mixed beverage
7 establishment, except as authorized by Section 22.06, 24.05, or
8 102.05 [~~of this code~~];

9 (18) the permittee is residentially domiciled with a
10 person whose permit or license was cancelled for cause within the
11 12-month period preceding the permittee's [~~his~~] own application;

12 (19) the permittee is not a citizen of the United
13 States or has not been a citizen of Texas for a period of one year
14 immediately preceding the filing of the permittee's [~~his~~]
15 application, unless the permittee [~~he~~] was issued an original or
16 renewal permit on or before September 1, 1948, and has been a United
17 States citizen at some time;

18 (20) the permittee permitted a person to open a
19 container of alcoholic beverage or possess an open container of
20 alcoholic beverage on the licensed premises unless a mixed beverage
21 permit has been issued for the premises;

22 (21) the permittee failed to promptly report to the
23 commission a breach of the peace occurring on the permittee's
24 licensed premises;

25 (22) the permittee consumed an alcoholic beverage or
26 permitted one to be consumed on the licensed premises at a time when
27 the consumption of alcoholic beverages is prohibited by this code;

1 or

2 (23) the permittee sold, served, or delivered an
3 alcoholic beverage at a time when its sale is prohibited.

4 (b) Effective September 1, 2021, Section 11.61(b),
5 Alcoholic Beverage Code, is amended to read as follows:

6 (b) The commission or administrator may suspend for not more
7 than 60 days or cancel an original or renewal permit if it is found,
8 after notice and hearing, that any of the following is true:

9 (1) the permittee has been finally convicted of a
10 violation of this code;

11 (2) the permittee violated a provision of this code or
12 a rule of the commission;

13 (3) the permittee was finally convicted of a felony
14 while holding an original or renewal permit;

15 (4) the permittee made a false or misleading statement
16 in connection with the permittee's [~~his~~] original or renewal
17 application, either in the formal application itself or in any
18 other written instrument relating to the application submitted to
19 the commission, its officers, or employees;

20 (5) the permittee is indebted to the state for taxes,
21 fees, or payment of penalties imposed by this code, by a rule of the
22 commission, or by Chapter 183, Tax Code;

23 (6) the permittee is not of good moral character or the
24 permittee's [~~his~~] reputation for being a peaceable and law-abiding
25 citizen in the community where the permittee [~~he~~] resides is bad;

26 (7) the place or manner in which the permittee
27 conducts the permittee's [~~his~~] business warrants the cancellation

1 or suspension of the permit based on the general welfare, health,
2 peace, morals, and safety of the people and on the public sense of
3 decency;

4 (8) the permittee is not maintaining an acceptable
5 bond;

6 (9) the permittee maintains a noisy, lewd, disorderly,
7 or unsanitary establishment or has supplied impure or otherwise
8 deleterious beverages;

9 (10) the permittee is insolvent or has developed an
10 incapacity that prevents or could prevent the permittee from
11 carrying on the management of the permittee's establishment with
12 reasonable skill, competence, and safety to the public [~~mentally~~
13 ~~or physically unable to carry on the management of his~~
14 ~~establishment~~];

15 (11) the permittee is in the habit of using alcoholic
16 beverages to excess;

17 (12) the permittee knowingly misrepresented to a
18 customer or the public any liquor sold by the permittee [~~him~~];

19 (13) the permittee was intoxicated on the licensed
20 premises;

21 (14) the permittee sold or delivered an alcoholic
22 beverage to an intoxicated person;

23 (15) the permittee possessed on the licensed premises
24 an alcoholic beverage that the permittee [~~he~~] was not authorized
25 under the [~~by his~~] permit to purchase and sell;

26 (16) a package store or wine only package store
27 permittee transported or shipped liquor, or caused it to be

1 transported or shipped, into a dry state or a dry area within this
2 state;

3 (17) the permittee is residentially domiciled with a
4 person who has a financial interest in an establishment engaged in
5 the business of selling malt beverages [~~beer~~] at retail, other than
6 a mixed beverage establishment, except as authorized by Section
7 22.06, 24.05, or 102.05 [~~of this code~~];

8 (18) the permittee is residentially domiciled with a
9 person whose permit or license was cancelled for cause within the
10 12-month period preceding the permittee's [~~his~~] own application;

11 (19) the permittee is not a citizen of the United
12 States or has not been a citizen of Texas for a period of one year
13 immediately preceding the filing of the permittee's [~~his~~]
14 application, unless the permittee [~~he~~] was issued an original or
15 renewal permit on or before September 1, 1948, and has been a United
16 States citizen at some time;

17 (20) the permittee permitted a person to open a
18 container of alcoholic beverage or possess an open container of
19 alcoholic beverage on the licensed premises unless a mixed beverage
20 permit has been issued for the premises;

21 (21) the permittee failed to promptly report to the
22 commission a breach of the peace occurring on the permittee's
23 licensed premises;

24 (22) the permittee consumed an alcoholic beverage or
25 permitted one to be consumed on the licensed premises at a time when
26 the consumption of alcoholic beverages is prohibited by this code;

27 or

1 (23) the permittee sold, served, or delivered an
2 alcoholic beverage at a time when its sale is prohibited.

3 SECTION 45. Sections 11.61(b-1), (d), and (j), Alcoholic
4 Beverage Code, are amended to read as follows:

5 (b-1) Notwithstanding Section 204.01 and any other
6 provision of this code, a person applying for a license or permit
7 under Chapter 25 or 69 for the on-premises consumption of malt
8 beverages [~~beer~~] exclusively or malt beverages [~~beer~~] and wine
9 exclusively, other than a license or permit for an establishment
10 holding a food and beverage certificate whose primary business
11 being operated on the premises is food service, must file with the
12 commission a surety bond, in an amount to be determined by the
13 commission, conditioned on the licensee's or permittee's
14 conformance with the alcoholic beverage law. The bond is forfeited
15 to the commission on the suspension of the license or permit for the
16 first time under this section or Section 61.71. Before the
17 suspended license or permit may be reinstated, the licensee or
18 permittee must furnish a second surety bond, similarly conditioned,
19 in an amount greater than the initial surety bond, the amount to be
20 determined by the commission. If the same license or permit is
21 suspended under this section or Section 61.71 a second time, the
22 bond is again forfeited to the commission. Before the suspended
23 license or permit may be reinstated, the licensee or permittee
24 shall furnish a third surety bond, similarly conditioned, in an
25 amount greater than the second surety bond, the amount to be
26 determined by the commission. If the same license or permit is
27 suspended under this section or Section 61.71 a third time, the bond

1 is again forfeited to the commission and the license or permit shall
2 be canceled by the commission. This subsection applies only to a
3 license or permit held in connection with an establishment located
4 in a county with a population of 1.4 million or more.

5 (d) The commission or administrator without a hearing may
6 for investigative purposes summarily suspend a mixed beverage
7 permit or a wine and malt beverage [~~beer~~] retailer's permit for not
8 more than seven days if the commission or administrator finds that a
9 shooting, stabbing, or murder has occurred on the licensed premises
10 which is likely to result in a subsequent act of violence. Notice
11 of the order suspending the permit shall be given to the permittee
12 personally within 24 hours of the time the violent act occurs. If
13 the permittee cannot be located, notice shall be provided by
14 posting a copy of the order on the front door of the licensed
15 premises.

16 (j) A hearing under Subsection (b) must be concluded not
17 later than the 60th day after notice is provided under that
18 subsection. Neither the permittee nor the commission may waive the
19 provisions of this subsection. This subsection applies only to a
20 hearing in connection with a wine and malt beverage [~~beer~~]
21 retailer's permit, other than a permit held with a food and beverage
22 certificate, for premises located in a county with a population of
23 1.4 million or more.

24 SECTION 46. (a) Effective December 31, 2020, Section
25 [11.612\(a\)](#), Alcoholic Beverage Code, is amended to read as follows:

26 (a) The commission or administrator may cancel an original
27 or a renewal permit issued under Chapter [32](#) or [33](#) and the commission

1 may deny an application for [~~refuse to issue~~] any new alcoholic
2 beverage permit for the same premises for one year after the date of
3 cancellation if:

4 (1) the chief of police of the municipality, if the
5 premises are located in an incorporated area, or the sheriff of the
6 county in which the premises are located has submitted a sworn
7 statement to the commission stating specific allegations that the
8 place or manner in which the permittee conducts its business
9 endangers the general welfare, health, peace, morals, or safety of
10 the community; and

11 (2) the commission or administrator finds, after
12 notice and hearing within the county where the premises are
13 located, that the place or manner in which the permittee conducts
14 its business does in fact endanger the general welfare, health,
15 peace, morals, or safety of the community.

16 (b) Effective September 1, 2021, Section [11.612\(a\)](#),
17 Alcoholic Beverage Code, is amended to read as follows:

18 (a) The commission or administrator may cancel an original
19 or a renewal certificate [~~permit~~] issued under Chapter 29 to the
20 holder of a private club registration permit or a permit issued
21 under Chapter 32 [~~or 33~~] and the commission may deny an application
22 for [~~refuse to issue~~] any new alcoholic beverage permit for the same
23 premises for one year after the date of cancellation if:

24 (1) the chief of police of the municipality, if the
25 premises are located in an incorporated area, or the sheriff of the
26 county in which the premises are located has submitted a sworn
27 statement to the commission stating specific allegations that the

1 place or manner in which the permittee conducts its business
2 endangers the general welfare, health, peace, morals, or safety of
3 the community; and

4 (2) the commission or administrator finds, after
5 notice and hearing within the county where the premises are
6 located, that the place or manner in which the permittee conducts
7 its business does in fact endanger the general welfare, health,
8 peace, morals, or safety of the community.

9 SECTION 47. Section 11.613, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 11.613. SUMMARY SUSPENSION OF PRIVATE CLUB PERMIT.
12 The commission or administrator without a hearing may for
13 investigative purposes summarily suspend a certificate [~~permit~~]
14 issued under Chapter 29 to the holder of a private club registration
15 permit or a permit issued under Chapter 32 [~~or 33~~] for not more than
16 seven days if the commission or administrator finds that a
17 shooting, stabbing, or murder has occurred on the licensed premises
18 that is likely to result in a subsequent act of violence. Notice of
19 the order suspending the permit shall be given to the permittee
20 personally within 72 hours of the time the violent act occurs. If
21 the permittee cannot be located, notice shall be provided by
22 posting a copy of the order on the front door of the licensed
23 premises.

24 SECTION 48. Effective September 1, 2019, Subchapter C,
25 Chapter 11, Alcoholic Beverage Code, is amended by adding Sections
26 11.614 and 11.615 to read as follows:

27 Sec. 11.614. ORDER SUSPENDING PERMIT OR LICENSE. (a) If

1 the commission or administrator determines that the continued
2 operation of a permitted or licensed business would constitute a
3 continuing threat to the public welfare, the commission or
4 administrator may issue an emergency order, without a hearing,
5 suspending the permit or license for not more than 90 days.

6 (b) An order suspending a permit or license under this
7 section must state the length of the suspension in the order.

8 (c) If an emergency order is issued under this section
9 without a hearing, the commission or administrator shall set the
10 time and place for a hearing to be conducted not later than the 10th
11 day after the date the order was issued by the State Office of
12 Administrative Hearings to affirm, modify, or set aside the
13 emergency order. The order shall be affirmed to the extent that
14 reasonable cause existed to issue the order.

15 (d) The commission by rule may prescribe procedures for the
16 determination and appeal of an emergency order issued under this
17 section, including a rule allowing the commission to affirm,
18 modify, or set aside a decision made by the State Office of
19 Administrative Hearings under Subsection (c).

20 (e) A proceeding under this section is a contested case
21 under Chapter 2001, Government Code.

22 Sec. 11.615. DISCIPLINARY ACTION FOR VIOLATION OF ORDER.
23 The commission may deny an application for an original or renewal
24 permit or license or take other disciplinary action against a
25 permit or license holder who violates an order of the commission or
26 administrator.

27 SECTION 49. Effective December 31, 2020, Section 11.63,

1 Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 11.63. NOTICE OF HEARING. At least 10 days' notice
3 shall be given when a hearing is provided by this code. A notice of
4 hearing for the denial [~~refusal~~], cancellation, or suspension of a
5 license or permit may be served personally by a representative of
6 the commission or sent by registered or certified mail addressed to
7 the licensee or permittee.

8 SECTION 50. Effective September 1, 2019, Sections 11.641(a)
9 and (b), Alcoholic Beverage Code, are amended to read as follows:

10 (a) The amount of the civil penalty under Section 11.64 must
11 be appropriate for the nature and seriousness of the violation. In
12 determining the amount of the civil penalty, the commission or
13 administrator shall consider:

14 (1) the type of license or permit held;
15 (2) the type of violation;
16 (3) any aggravating or ameliorating circumstances
17 concerning the violation, including those enumerated in Section
18 11.64(c); [~~and~~]

19 (4) the permittee's or licensee's previous violations;
20 and

21 (5) if the commission or administrator determines the
22 permittee or licensee has previously violated this code, whether
23 the permittee or licensee profited from the violation, and if so the
24 amount of the permittee's or licensee's profit.

25 (b) Except as provided by Subsection (a), the [~~The~~] amount
26 of the civil penalty may not be based on:

27 (1) the volume of alcoholic beverages sold;

- 1 (2) the receipts of the business;
2 (3) the taxes paid; or
3 (4) the financial condition of the permittee or
4 licensee.

5 SECTION 51. Effective December 31, 2020, the heading to
6 Section 11.67, Alcoholic Beverage Code, is amended to read as
7 follows:

8 Sec. 11.67. APPEAL FROM CANCELLATION, SUSPENSION, OR DENIAL
9 [~~REFUSAL~~] OF LICENSE OR PERMIT.

10 SECTION 52. Effective December 31, 2020, Sections 11.67(a),
11 (c), and (d), Alcoholic Beverage Code, are amended to read as
12 follows:

13 (a) An appeal from an order of the commission or
14 administrator [~~refusing~~] cancelling[~~ing~~] or suspending a permit or
15 license may be taken to the district court of the county in which
16 the [~~applicant~~] licensee[~~s~~] or permittee resides or in which the
17 owner of involved real or personal property resides.

18 (c) A local official[~~s~~] on record as protesting the issuance
19 or renewal of a permit or license [~~at a hearing provided by this~~
20 ~~code~~] is entitled to notice of the appeal. If other persons are on
21 record as protesting the issuance or renewal of a permit or license
22 [~~at a hearing provided by this code~~], the first three persons to be
23 on record are entitled to notice of the appeal. The appellant is
24 responsible for causing the notice to be given. The notice shall be
25 given by sending, on or before the third day after the date on which
26 the appeal is filed, a copy of the petition by registered or
27 certified mail to the persons entitled to receive the notice.

1 (d) If the appeal is from an order denying an application
2 for an original [~~refusing the issuance~~] or renewal [~~of a~~] permit or
3 license for a business that is sexually oriented, any person may
4 appear on appeal against the issuance or renewal of the license or
5 permit. However, the court may grant a motion to strike the
6 person's appearance on a showing that the person does not have a
7 justiciable or administratively cognizable interest in the
8 proceeding.

9 SECTION 53. Effective September 1, 2019, Section 11.72,
10 Alcoholic Beverage Code, is amended to read as follows:

11 Sec. 11.72. DISCIPLINE FOR ACTIONS OF AGENT; RECORDS
12 RETENTION. (a) The commission or administrator may suspend or
13 revoke the permit of a person who is represented by [~~the holder of~~]
14 an agent [~~agent's permit~~] under Section 15.01, 35.01, or 36.01 or
15 otherwise discipline the person based on an act or omission of the
16 person's agent [~~holder of the agent's permit~~] only if an individual
17 employed by the person in a supervisory position:

18 (1) was directly involved in the act or omission of the
19 agent [~~holder of the agent's permit~~];

20 (2) had notice or knowledge of the act or omission; or

21 (3) failed to take reasonable steps to prevent the act
22 or omission.

23 (b) The holder of a permit who is represented by an agent
24 shall maintain records relating to the agent's activities,
25 including any representation agreement, employment records, or
26 similar documents, for not less than four years from the date the
27 record is created.

1 SECTION 54. Effective September 1, 2019, Section 11.73,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 11.73. AFFIRMATION OF COMPLIANCE. A person who holds a
4 permit under Chapter 19, 20, [~~21~~] or 23 may not be subject to an
5 administrative sanction for selling or delivering an alcoholic
6 beverage to a retailer not authorized to purchase and receive the
7 alcoholic beverage if the permit holder:

8 (1) reasonably believes that the retailer is
9 authorized to purchase and receive that type of alcoholic beverage;
10 and

11 (2) obtains from the retailer at the time of delivery a
12 written affirmation, which may be printed or stamped on a sales
13 invoice evidencing the sale or delivery of alcoholic beverages by
14 the permit holder, that the retailer is authorized to purchase and
15 receive the type of alcoholic beverage sold and delivered by the
16 permit holder.

17 SECTION 55. Effective September 1, 2019, Section 12.052,
18 Alcoholic Beverage Code, is amended by amending Subsections (a),
19 (c), and (e) and adding Subsections (a-1), (e-1), and (g) to read as
20 follows:

21 (a) In addition to the activities authorized by Section
22 12.01, the holder of a brewer's permit whose annual production of
23 ale, together with the annual production of beer by the holder of a
24 manufacturer's license at all premises wholly or partly owned,
25 directly or indirectly, by the permit holder or an affiliate or
26 subsidiary of the permit holder, does not exceed a total of 225,000
27 barrels may sell ale produced on the brewer's premises under the

1 permit to ultimate consumers on the brewer's premises;

2 (1) for responsible consumption on the brewer's
3 premises; or

4 (2) subject to Subsection (a-1), for off-premises
5 consumption.

6 (a-1) Sales to a consumer on the brewer's premises for
7 off-premises consumption are limited to 576 fluid ounces of beer
8 and ale combined per calendar day.

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

15 (1) the permit holder:

16 (A) was legally operating a manufacturing
17 facility with on-premise sales under Subsection (a) on February 1,
18 2017; or

19 (B) purchased an ownership interest in, or was
20 purchased by the holder of, a permit or license issued under Chapter
21 [12](#), [13](#), [62](#), or [63](#); and

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

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

1 consumption:

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

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

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

11 (e-1) The commission:

12 (1) may require the holder of a brewer's permit who
13 sells ale to ultimate consumers under this section to report to the
14 commission each month, in the manner prescribed by the commission,
15 the total amounts of ale sold by the permit holder under this
16 section during the preceding month for:

17 (A) responsible consumption on the brewer's
18 premises; and

19 (B) off-premises consumption;

20 (2) by rule shall adopt a simple form for a report
21 required under Subdivision (1); and

22 (3) shall maintain reports received under this
23 subsection for public review.

24 (g) Notwithstanding any other provision of this code, the
25 holder of a brewer's permit whose annual production exceeds the
26 limit prescribed by Subsection (a) and who was legally operating a
27 facility with on-premise sales under Subsection (a) or Section

1 62.122(a) on February 1, 2017, may establish not more than two
2 additional facilities with on-premise sales under Subsection (a) or
3 Section 62.122(a) if each premises:

4 (1) does not produce more than a total of 225,000
5 barrels of beer and ale combined; and

6 (2) complies with the requirements of:

7 (A) Subsections (b) and (e); and

8 (B) Sections 62.122(b) and (e).

9 SECTION 56. Effective September 1, 2019, Section 14.01(a),
10 Alcoholic Beverage Code, is amended to read as follows:

11 (a) The holder of a distiller's and rectifier's permit may:

12 (1) manufacture distilled spirits;

13 (2) rectify, purify, and refine distilled spirits and
14 wines;

15 (3) mix wines, distilled spirits, or other liquors;

16 (4) bottle, label, and package the permit holder's
17 finished products;

18 (5) sell the finished products in this state to
19 holders of wholesaler's permits and to qualified persons outside
20 the state;

21 (6) purchase distilled spirits, to be used only for
22 manufacturing or rectification purposes, from holders of
23 nonresident seller's permits or distiller's and rectifier's
24 permits;

25 (7) dispense free distilled spirits for consumption on
26 the permitted premises under Section 14.04;

27 (8) sell bulk alcohol produced by the permit holder

1 for purposes described by Section 38.01 [~~to holders of industrial~~
2 ~~permits in this state~~]; and

3 (9) sell distilled spirits to ultimate consumers under
4 Section 14.04 or 14.05.

5 SECTION 57. Effective September 1, 2019, Section 14.06,
6 Alcoholic Beverage Code, is amended to read as follows:

7 Sec. 14.06. REPORT OF CERTAIN SALES. A holder of a
8 distiller's and rectifier's permit who sells distilled spirits [~~to~~
9 ~~a holder of an industrial permit~~] under Section 14.01(a)(8) shall
10 keep records of those sales in a manner prescribed by the commission
11 or administrator.

12 SECTION 58. Chapter 14, Alcoholic Beverage Code, is amended
13 by adding Section 14.07 to read as follows:

14 Sec. 14.07. TRANSPORTING LIQUOR. (a) The holder of a
15 distiller's and rectifier's permit may transport liquor, if the
16 transportation is for a lawful purpose, from:

17 (1) the place of purchase to the holder's place of
18 business; and

19 (2) the place of sale or distribution to the
20 purchaser.

21 (b) The holder of a distiller's and rectifier's permit may
22 transport liquor from one wet area to another wet area across a dry
23 area if that course of transportation is necessary or convenient.

24 (c) The holder of a distiller's and rectifier's permit
25 transporting liquor under this section shall provide to the
26 commission:

27 (1) a full description of each motor vehicle used by

1 the permit holder for transporting liquor; and

2 (2) any other information the commission requires.

3 (d) The holder of a distiller's and rectifier's permit may
4 transport liquor only in a vehicle that is:

5 (1) described by Subsection (c)(1);

6 (2) owned or leased in good faith by the permit holder
7 or by the permit holder's agent; and

8 (3) printed or painted with the designation required
9 by the commission.

10 SECTION 59. Chapter 14, Alcoholic Beverage Code, is amended
11 by adding Section 14.08 to read as follows:

12 Sec. 14.08. STORAGE. (a) The holder of a distiller's and
13 rectifier's permit may store liquor:

14 (1) on the permit holder's premises; or

15 (2) inside the county in which the permit holder's
16 business is located in a:

17 (A) public bonded warehouse authorized to store
18 liquor under Chapter 46; or

19 (B) private warehouse that is:

20 (i) owned or leased by the permit holder;

21 and

22 (ii) operated by the permit holder.

23 (b) The holder of a distiller's and rectifier's permit may
24 not store liquor in a dry area.

25 SECTION 60. Effective September 1, 2019, the heading to
26 Chapter 15, Alcoholic Beverage Code, is amended to read as follows:

27 CHAPTER 15. DISTILLER'S AGENT [~~AGENT'S PERMIT~~]

1 SECTION 61. Effective September 1, 2019, Section 15.01,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 15.01. AUTHORIZED ACTIVITIES. (a) A ~~[The holder of a]~~
4 distiller's agent ~~[agent's permit]~~ may:

5 (1) represent the holder of a distiller's and
6 rectifier's permit;

7 (2) solicit and take orders from a holder of a
8 wholesaler's permit for the sale of distilled spirits manufactured
9 by the permit holder represented by the agent; and

10 (3) conduct free distilled spirits tastings for
11 consumers on the premises of the holder of a package store permit.

12 (b) A person acting as an agent may only represent one
13 permitted or licensed business at a time while soliciting or taking
14 orders.

15 SECTION 62. Effective September 1, 2019, Section 15.04,
16 Alcoholic Beverage Code, is amended to read as follows:

17 Sec. 15.04. SOLICITATION FROM HOLDER OF MIXED BEVERAGE OR
18 PRIVATE CLUB PERMIT. A ~~[holder of a]~~ distiller's agent ~~[agent's~~
19 ~~permit]~~ may not solicit business directly or indirectly from a
20 holder of a mixed beverage permit or a private club registration
21 permit unless the distiller's agent is accompanied by the holder of
22 a wholesaler's permit or the wholesaler's agent.

23 SECTION 63. Effective September 1, 2019, Section 15.05,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 15.05. UNAUTHORIZED REPRESENTATION. A ~~[holder of a]~~
26 distiller's agent ~~[agent's permit]~~ in soliciting or taking orders
27 for the sale of liquor may not represent that the agent ~~[permit~~

1 ~~holder]~~ is an agent of any person other than the person who employs
2 the agent or who has authorized the agent to represent the person
3 ~~[designated in the permit holder's application]~~.

4 SECTION 64. Effective September 1, 2019, Section 16.01(a),
5 Alcoholic Beverage Code, is amended to read as follows:

6 (a) Except as provided by Section 16.011, the holder of a
7 winery permit may:

8 (1) manufacture, bottle, label, and package wine
9 containing not more than 24 percent alcohol by volume;

10 (2) manufacture fruit brandy and:

11 (A) use that brandy on the winery permit holder's
12 permitted premises for fortifying purposes only; or

13 (B) sell that brandy to other winery permit
14 holders;

15 (3) import or buy fruit brandy from a permit holder
16 authorized to manufacture fruit brandy and use that brandy on the
17 winery permit holder's permitted premises for fortifying purposes
18 only;

19 (4) sell wine in this state to or buy wine from permit
20 holders authorized to purchase and sell wine, including holders of
21 wholesaler's permits and[7] winery permits[~~7 and wine bottler's~~
22 ~~permits~~];

23 (5) sell wine to ultimate consumers:

24 (A) for consumption on the winery premises; or

25 (B) in unbroken packages for off-premises
26 consumption in an amount not to exceed 35,000 gallons annually;

27 (6) sell the wine outside this state to qualified

1 persons;

2 (7) blend wines;

3 (8) dispense free wine for consumption on the winery
4 premises; and

5 (9) purchase and import wine from the holder of a
6 nonresident seller's permit.

7 SECTION 65. Effective September 1, 2019, Section 16.04,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 16.04. FEDERAL PERMIT REQUIRED. A winery permit may be
10 granted only on presentation of an appropriate [~~a winemaker's and~~
11 ~~blender's basic permit of the~~] federal wine permit [~~alcohol tax~~
12 ~~unit~~].

13 SECTION 66. Section 16.08(b), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (b) The holder of a winery permit may sell wine to the holder
16 of a wine and malt beverage retailer's permit, mixed beverage
17 permit, private club permit, or nonprofit entity temporary event
18 permit [~~issued under Chapter 27, 30, or 33~~] for an event that is
19 approved by the commission and organized to celebrate and promote
20 the wine industry in this state.

21 SECTION 67. Chapter 16, Alcoholic Beverage Code, is amended
22 by adding Section 16.10 to read as follows:

23 Sec. 16.10. TRANSPORTING WINE. (a) The holder of a winery
24 permit may transport wine, if the transportation is for a lawful
25 purpose, from:

26 (1) the place of purchase to the holder's place of
27 business; and

1 (2) the place of sale or distribution to the
2 purchaser.

3 (b) The holder of a winery permit may transport wine from
4 one wet area to another wet area across a dry area if that course of
5 transportation is necessary or convenient.

6 (c) The holder of a winery permit may transport wine only in
7 a vehicle that is owned or leased in good faith by the permit holder
8 or by the permit holder's agent.

9 SECTION 68. Chapter 16, Alcoholic Beverage Code, is amended
10 by adding Section 16.11 to read as follows:

11 Sec. 16.11. STORAGE. (a) The holder of a winery permit may
12 store wine:

13 (1) on the permit holder's premises; or

14 (2) inside or outside the county in which the permit
15 holder's business is located in a:

16 (A) public bonded warehouse that is authorized to
17 store liquor under Chapter 46; or

18 (B) private warehouse that is:

19 (i) owned or leased by the permit holder;

20 and

21 (ii) operated by the permit holder.

22 (b) The holder of a winery permit whose winery is located in
23 a county all or part of which is in a dry area may store the winery's
24 product in a dry area of that county if the product to be stored is
25 owned by the permit holder and remains in the permit holder's
26 possession.

27 SECTION 69. Chapter 16, Alcoholic Beverage Code, is amended

1 by adding Section 16.12 to read as follows:

2 Sec. 16.12. SALES AT TEMPORARY LOCATION. (a) The holder of
3 a winery permit may sell wine at a civic or wine festival, farmers'
4 market, celebration, or similar event.

5 (b) The holder of a winery permit may not offer wine for sale
6 under this section on more than four consecutive days at the same
7 location.

8 (c) The commission shall adopt rules to implement this
9 section, including rules that:

10 (1) require the permit holder to notify the commission
11 of the dates on which and location where the permit holder will
12 temporarily offer wine for sale under this section;

13 (2) establish a procedure to verify the wet or dry
14 status of the location where the permit holder intends to
15 temporarily sell wine under this section;

16 (3) detail the circumstances when a permit holder may
17 temporarily sell wine under this section with just a notification
18 to the commission and the circumstances that require the
19 commission's preapproval before a permit holder may temporarily
20 sell wine under this section; and

21 (4) require the permit holder to provide any other
22 information the commission determines necessary.

23 (d) The provisions of this code applicable to the sale of
24 wine on the permitted premises of the holder of a winery permit
25 apply to the sale of wine under this section.

26 SECTION 70. (a) Effective September 1, 2019, Section
27 [19.01](#), Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 19.01. AUTHORIZED ACTIVITIES. The holder of a
2 wholesaler's permit may:

3 (1) purchase and import liquor from distillers,
4 brewers, wineries, [~~wine bottlers,~~] rectifiers, and manufacturers
5 who are holders of nonresident seller's permits or from their
6 agents [~~who hold manufacturer's agents permits~~];

7 (2) purchase liquor from other wholesalers in the
8 state;

9 (3) sell liquor in the original containers in which it
10 is received to retailers and wholesalers in this state authorized
11 to sell the liquor;

12 (4) sell liquor to qualified persons outside the
13 state; and

14 (5) sell ale and malt liquor to a holder of a private
15 club registration permit.

16 (b) Effective September 1, 2021, Section 19.01, Alcoholic
17 Beverage Code, is amended to read as follows:

18 Sec. 19.01. AUTHORIZED ACTIVITIES. The holder of a
19 wholesaler's permit may:

20 (1) purchase and import liquor from distillers,
21 [~~brewers,~~] wineries, and [~~wine bottlers,~~] rectifiers[~~, and~~
22 ~~manufacturers~~] who are holders of nonresident seller's permits or
23 from their agents [~~who hold manufacturer's agents permits~~];

24 (2) purchase liquor from other wholesalers in the
25 state;

26 (3) sell liquor in the original containers in which it
27 is received to retailers and wholesalers in this state authorized

1 to sell the liquor; and

2 (4) sell liquor to qualified persons outside the
3 state[~~, and~~

4 [~~(5) sell ale and malt liquor to a holder of a private~~
5 ~~club registration permit~~].

6 SECTION 71. Section 19.03, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 19.03. PROMOTIONAL ACTIVITIES. The holder of a
9 wholesaler's permit or the permittee's [~~his~~] agent may enter the
10 licensed premises of a mixed beverage permittee or private club
11 registration permittee to determine the brands offered for sale and
12 suggest or promote the sale of other brands, to the extent
13 authorized by Section 102.07 [~~of this code~~]. The holder of a
14 wholesaler's permit or the permittee's [~~his~~] agent may not accept a
15 direct order from a mixed beverage permittee except for wine [~~or~~
16 ~~malt liquor~~].

17 SECTION 72. Section 19.04, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 19.04. MINIATURE CONTAINERS. In addition to other
20 authorized containers, a wholesaler's permittee may import, sell,
21 offer for sale, and possess for the purpose of resale distilled
22 spirits, wine, and vinous liquors in containers of not less than one
23 ounce nor more than two ounces. Liquor in containers of that size
24 may be sold to:

25 (1) package store permittees for resale to certain
26 passenger transportation [~~airline beverage~~] permittees, as
27 provided in Section 48.03 [~~34.05 of this code~~]; and

1 (2) local distributor's permittees.

2 SECTION 73. Chapter 19, Alcoholic Beverage Code, is amended
3 by adding Section 19.06 to read as follows:

4 Sec. 19.06. TRANSPORTING LIQUOR. (a) The holder of a
5 wholesaler's permit may transport liquor, if the transportation is
6 for a lawful purpose, from:

7 (1) the place of purchase to the holder's place of
8 business; and

9 (2) the place of sale or distribution to the
10 purchaser.

11 (b) The holder of a wholesaler's permit may transport liquor
12 from one wet area to another wet area across a dry area if that
13 course of transportation is necessary or convenient.

14 (c) The holder of a wholesaler's permit transporting liquor
15 under this section shall provide to the commission:

16 (1) a full description of each motor vehicle used by
17 the permit holder for transporting liquor; and

18 (2) any other information the commission requires.

19 (d) The holder of a wholesaler's permit may transport liquor
20 only in a vehicle that is:

21 (1) described by Subsection (c)(1);

22 (2) owned or leased in good faith by the permit holder
23 or by the permit holder's agent; and

24 (3) printed or painted with the designation required
25 by the commission.

26 SECTION 74. Chapter 19, Alcoholic Beverage Code, is amended
27 by adding Section 19.07 to read as follows:

1 Sec. 19.07. STORAGE. (a) The holder of a wholesaler's
2 permit may store liquor:

3 (1) on the permit holder's premises; or

4 (2) inside the county in which the permit holder's
5 business is located in a:

6 (A) public bonded warehouse authorized to store
7 liquor under Chapter 46; or

8 (B) private warehouse that is:

9 (i) owned or leased by the permit holder;

10 and

11 (ii) operated by the permit holder.

12 (b) The holder of a wholesaler's permit may not store liquor
13 in a dry area.

14 SECTION 75. (a) Effective September 1, 2019, Section
15 20.01, Alcoholic Beverage Code, is amended to read as follows:

16 Sec. 20.01. AUTHORIZED ACTIVITIES. The holder of a general
17 class B wholesaler's permit may:

18 (1) purchase and import malt and vinous liquors from
19 brewers, wineries, rectifiers, and wine manufacturers [~~and wine~~
20 ~~bottlers~~] who are the holders of nonresident seller's permits or
21 their agents [~~who are holders of manufacturer's agent permits~~];

22 (2) purchase malt and vinous liquors from holders of
23 brewer's permits, holders of brewpub licenses, or other wholesalers
24 in the state;

25 (3) sell the malt and vinous liquors in the original
26 containers in which they are received to retailers and wholesalers
27 authorized to sell them in this state, including holders of local

1 distributor's permits, mixed beverage permits, and daily temporary
2 mixed beverage permits;

3 (4) sell the malt and vinous liquors to qualified
4 persons outside the state; and

5 (5) sell ale and malt liquor to a holder of a private
6 club registration permit.

7 (b) Effective September 1, 2021, Section 20.01, Alcoholic
8 Beverage Code, is amended to read as follows:

9 Sec. 20.01. AUTHORIZED ACTIVITIES. The holder of a general
10 class B wholesaler's permit may:

11 (1) purchase and import [~~malt and~~] vinous liquors from
12 [~~brewers,~~] wineries, rectifiers, and wine manufacturers [~~and wine~~
13 ~~bottlers~~] who are the holders of nonresident seller's permits or
14 their agents [~~who are holders of manufacturer's agent permits~~];

15 (2) purchase [~~malt and~~] vinous liquors from [~~holders~~
16 ~~of brewer's permits, holders of brewpub licenses, or other~~]
17 wholesalers in the state;

18 (3) sell the [~~malt and~~] vinous liquors in the original
19 containers in which they are received to retailers and wholesalers
20 authorized to sell them in this state, including holders of local
21 distributor's permits, mixed beverage permits, and certain
22 nonprofit entity [~~daily~~] temporary event [~~mixed beverage~~] permits;
23 and

24 (4) sell the [~~malt and~~] vinous liquors to qualified
25 persons outside the state[~~, and~~

26 [~~(5) sell ale and malt liquor to a holder of a private~~
27 ~~club registration permit~~].

1 SECTION 76. Chapter 20, Alcoholic Beverage Code, is amended
2 by adding Section 20.04 to read as follows:

3 Sec. 20.04. TRANSPORTING LIQUOR. (a) The holder of a
4 general class B wholesaler's permit may transport liquor, if the
5 transportation is for a lawful purpose, from:

6 (1) the place of purchase to the holder's place of
7 business; and

8 (2) the place of sale or distribution to the
9 purchaser.

10 (b) The holder of a general class B wholesaler's permit may
11 transport liquor from one wet area to another wet area across a dry
12 area if that course of transportation is necessary or convenient.

13 (c) The holder of a general class B wholesaler's permit
14 transporting liquor under this section shall provide to the
15 commission:

16 (1) a full description of each motor vehicle used by
17 the permit holder for transporting liquor; and

18 (2) any other information the commission requires.

19 (d) The holder of a general class B wholesaler's permit may
20 transport liquor only in a vehicle that is:

21 (1) described by Subsection (c)(1);

22 (2) owned or leased in good faith by the permit holder
23 or by the permit holder's agent; and

24 (3) printed or painted with the designation required
25 by the commission.

26 SECTION 77. Chapter 20, Alcoholic Beverage Code, is amended
27 by adding Section 20.05 to read as follows:

1 Sec. 20.05. STORAGE. (a) The holder of a general class B
2 wholesaler's permit may store liquor:

3 (1) on the permitted premises; or

4 (2) inside the county in which the permittee's
5 business is located in a:

6 (A) public bonded warehouse authorized to store
7 liquor under Chapter 46; or

8 (B) private warehouse that is:

9 (i) owned or leased by the permit holder;

10 and

11 (ii) operated by the permit holder.

12 (b) The holder of a general class B wholesaler's permit may
13 not store liquor in a dry area.

14 SECTION 78. Section 22.01, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 22.01. AUTHORIZED ACTIVITIES. The holder of a package
17 store permit may:

18 (1) purchase liquor in this state from the holder of a
19 winery, wholesaler's, or class B wholesaler's [~~, or wine bottler's~~]
20 permit;

21 (2) purchase malt beverages in this state from the
22 holder of a general or branch distributor's license;

23 (3) sell liquor and malt beverages in unbroken
24 original containers on or from the holder's [~~his~~] licensed premises
25 at retail to consumers for off-premises consumption only and not
26 for the purpose of resale, except that if the permittee is a hotel,
27 the permittee may deliver unbroken packages of liquor and malt

1 beverages to bona fide guests of the hotel in their rooms for
2 consumption in their rooms;

3 (4) [~~(3)~~] sell [~~malt and~~] vinous liquors in original
4 containers of not less than six ounces; and

5 (5) [~~(4)~~] sell liquor to holders of passenger
6 transportation [~~airline beverage~~] permits as provided in Section
7 48.03 [~~34.05 of this code~~].

8 SECTION 79. Section 22.03, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 22.03. DELIVERIES TO CUSTOMERS. (a) The holder of a
11 package store permit or wine only package store permit issued for a
12 location within a city or town or within two miles of the corporate
13 limits of a city or town[~~, who also holds a local cartage permit,~~]
14 may make deliveries of and collections for alcoholic beverages off
15 the premises in areas where the sale of the beverages is legal. The
16 permittee must travel by the most direct route and may make
17 deliveries and collections only within the county or the city or
18 town or within two miles of its corporate limits, and only in
19 response to bona fide orders placed by the customer, either in
20 person at the premises, in writing, by mail, or by telegraph or
21 telephone. This section shall not be construed as preventing a
22 holder of a package store permit or wine only package store permit
23 from delivering alcoholic beverages to the holder of a carrier's
24 permit for transportation to persons who have placed bona fide
25 orders and who are located in an area that the holder of a package
26 store permit or wine only package store permit[~~, who also holds a~~
27 ~~local cartage permit,~~] is authorized to directly deliver to under

1 this section. The holder of a package store permit or wine only
2 package store permit may also deliver alcoholic beverages to the
3 holder of a carrier's permit for transportation outside of this
4 state in response to bona fide orders placed by persons authorized
5 to purchase the beverages.

6 (b) The holder of a package store permit [~~who also holds a~~
7 ~~local cartage permit~~] may transport alcoholic beverages to a
8 commercial airline in a regional airport located all or partly in an
9 adjoining county if the airport is governed by a board, commission,
10 or authority, some of whose members reside in the county where the
11 package store is located.

12 SECTION 80. Section 22.06(a), Alcoholic Beverage Code, is
13 amended to read as follows:

14 (a) Except as otherwise provided in Section 102.05 [~~of this~~
15 ~~code and in Subsection (b) of this section~~], no person who holds a
16 package store permit or owns an interest in a package store may have
17 a direct or indirect interest in any of the following:

18 (1) a brewer's [~~manufacturer's~~], retail dealer's
19 on-premise, or general or[~~r~~] branch[~~, or local~~] distributor's
20 license;

21 (2) a wine and malt beverage [~~beer~~] retailer's, wine
22 and malt beverage [~~beer~~] retailer's off-premise, or mixed beverage
23 permit; or

24 (3) the business of any of the permits or licenses
25 listed in Subdivisions (1) and (2) of this subsection.

26 SECTION 81. Section 22.08, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 22.08. TRANSFER OF BEVERAGES. (a) The owner of more
2 than one package store [~~who is also the holder of a local cartage~~
3 ~~permit~~] may transfer alcoholic beverages between any of the owner's
4 [~~his~~] licensed premises in the same county between the hours of 7
5 a.m. and 9 p.m. on any day when the sale of those beverages is legal,
6 subject to rules prescribed by the commission.

7 (b) The holder of a package store permit may not transport
8 alcoholic beverages under Subsection (a) unless:

9 (1) the permit holder provides the commission with a
10 description, as required by the commission, of each motor vehicle
11 used by the permit holder to transport alcoholic beverages; and

12 (2) each motor vehicle is plainly marked or lettered
13 to indicate that it is being used by the permit holder to transport
14 alcoholic beverages.

15 (c) When transporting alcoholic beverages under this
16 section, the holder of a package store permit may not violate the
17 motor carrier laws of this state.

18 SECTION 82. Section 22.10, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 22.10. OPENING CONTAINERS PROHIBITED. Except as
21 authorized under Section 22.18 [~~52.01 of this code~~], a [~~no~~] person
22 may not break or open a container containing liquor or a malt
23 beverage [~~beer~~] or possess an opened container of liquor or a malt
24 beverage [~~beer~~] on the premises of a package store.

25 SECTION 83. Section 22.11, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 22.11. CONSUMPTION ON PREMISES PROHIBITED. Except as

1 authorized under Section 22.18 [~~52.01~~], a [~~no~~] person may not sell,
2 barter, exchange, deliver, or give away any drink or drinks of
3 alcoholic beverages from a container that has been opened or broken
4 on the premises of a package store.

5 SECTION 84. Chapter 22, Alcoholic Beverage Code, is amended
6 by adding Section 22.18 to read as follows:

7 Sec. 22.18. TASTINGS. (a) The holder of a package store
8 permit may conduct product tastings of distilled spirits, wine,
9 malt beverages, or spirit-based coolers on the permitted premises
10 during regular business hours as provided by this section.

11 (b) Written notification of a product tasting must be posted
12 on the premises of the package store permit holder not later than 48
13 hours before the tasting event. The notification shall clearly
14 state:

15 (1) the type and brand of alcoholic beverage to be
16 tasted;

17 (2) the date and hours the tasting is to take place;
18 and

19 (3) the address of the premises where the tasting is to
20 occur.

21 (c) A copy of the notification shall be kept on file and
22 available for inspection on the premises during all tasting hours.

23 (d) Sample portions at a product tasting shall be limited to
24 not more than:

25 (1) one-half ounce for distilled spirits;

26 (2) one ounce for wine; and

27 (3) one ounce for malt beverages and coolers.

1 (e) Not more than 20 different products may be made
2 available for tasting at any one time.

3 (f) No charge of any sort may be made for a sample serving.

4 (g) A person may be served more than one sample. Samples may
5 not be served to a minor or to an obviously intoxicated person. A
6 sample may not be removed from the permitted premises.

7 (h) During the tasting, not more than two containers of each
8 brand or type of product being tasted may be open on the premises at
9 one time.

10 (i) At the conclusion of the tasting, all empty or open
11 containers of alcoholic beverages used in the tasting shall be
12 removed from the premises or stored in a locked, secure area on the
13 permitted premises.

14 (j) A tasting event authorized by this section may not be
15 advertised except by on-site communications, by direct mail, by
16 electronic mail, or on the permit holder's Internet website.

17 (k) Except as provided by Subsection (l) or elsewhere in
18 this code, a person other than the package store permittee or the
19 permittee's agent or employee may not dispense or participate in
20 the dispensing of alcoholic beverages under this section.

21 (l) The holder of a distiller's or rectifier's permit or
22 nonresident seller's permit or that permit holder's agent or
23 employee may participate in and conduct product tastings of
24 alcoholic beverages at a retailer's premises and may open, touch,
25 or pour alcoholic beverages, make a presentation, or answer
26 questions at the tasting. Any alcoholic beverage tasted under this
27 subsection must be purchased from the package store permit holder

1 on whose premises the tasting is held. The permit holder may not
2 require the purchase of more alcoholic beverages than are necessary
3 for the tasting. This section does not authorize the holder of a
4 distiller's or rectifier's permit or nonresident seller's permit or
5 that permit holder's agent or employee to withdraw or purchase an
6 alcoholic beverage from the holder of a wholesaler's permit or
7 provide an alcoholic beverage for tasting on a retailer's premises
8 that is not purchased from the retailer.

9 (m) For the purposes of this code and any other law or
10 ordinance:

11 (1) a package store permit does not authorize the sale
12 of alcoholic beverages for on-premise consumption; and

13 (2) none of the permit holder's income may be
14 considered to be income from the sale of alcoholic beverages for
15 on-premise consumption.

16 SECTION 85. Section 23.01, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 23.01. AUTHORIZED ACTIVITIES. (a) The holder of a
19 local distributor's permit may:

20 (1) purchase alcoholic beverages, including malt
21 beverages, from wholesalers and distributors authorized to sell
22 them for resale, but may purchase only those brands available for
23 general distribution to all local distributor's permittees;

24 (2) sell and distribute the alcoholic beverages, including malt beverages,
25 to mixed beverage and private club
26 registration permittees; [~~and~~]

27 (3) sell and distribute distilled spirits to the

1 holder of a nonprofit entity temporary event permit; and

2 (4) rent or sell to mixed beverage and private club
3 registration permittees any equipment, fixtures, or supplies used
4 in the selling or dispensing of distilled spirits.

5 (b) A local distributor's permittee may purchase liquor
6 only from a wholesaler's~~[7]~~ or general class B wholesaler's~~[7 or~~
7 ~~local class B wholesaler's]~~ permittee and may purchase only the
8 types of liquor the particular wholesaler is authorized by the
9 wholesaler's ~~[his]~~ permit to sell.

10 SECTION 86. Section 23.04, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 23.04. MAY TRANSFER BEVERAGES. (a) The ~~[If the]~~
13 holder of a local distributor's permit ~~[also holds a local cartage~~
14 ~~permit, he]~~ may transfer alcoholic beverages:

15 (1) to any place where the sale of alcoholic beverages
16 is legal in the city or county where the permit holder's ~~[his]~~
17 premises are located; and

18 (2) to a regional airport located all or partly in an
19 adjoining county if the airport is governed by a board, commission,
20 or authority, some of whose members reside in the county where the
21 local distributor's premises are located.

22 (b) The holder of a local distributor's permit may not
23 transport alcoholic beverages under Subsection (a) unless:

24 (1) the permit holder provides the commission with a
25 description, as required by the commission, of each motor vehicle
26 used by the permit holder to transport alcoholic beverages; and

27 (2) each motor vehicle is plainly marked or lettered

1 to indicate that it is being used by the permit holder to transport
2 alcoholic beverages.

3 (c) When transporting alcoholic beverages under this
4 section, the holder of a local distributor's permit may not violate
5 the motor carrier laws of this state.

6 SECTION 87. Section 24.01(a), Alcoholic Beverage Code, is
7 amended to read as follows:

8 (a) The holder of a wine only package store permit may:

9 (1) purchase ~~[ale]~~ wine~~[,]~~ and vinous liquors in this
10 state from the holder of a winery, ~~[wine bottler's,]~~ wholesaler's,
11 or class B wholesaler's permit; ~~[and]~~

12 (2) purchase malt beverages from the holder of a
13 general or branch distributor's license; and

14 (3) sell those beverages to consumers at retail on or
15 from the licensed premises in unbroken original containers of not
16 less than six ounces for off-premises consumption only and not for
17 the purpose of resale.

18 SECTION 88. Section 24.04, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 24.04. DESIGNATION OF PLACE OF STORAGE; TRANSPORT OF
21 BEVERAGES. (a) The owner of more than one wine only package store
22 ~~[who is also the holder of a local cartage permit]~~ may designate one
23 of the permit holder's ~~[his]~~ places of business as a place of
24 storage. The permit holder ~~[He]~~ may transfer alcoholic beverages
25 to and from the ~~[his]~~ place of storage and the permit holder's ~~[his]~~
26 other stores in the same county, subject to rules prescribed by the
27 commission.

1 (b) A wine only package store permit holder may not
2 transport alcoholic beverages under Subsection (a) unless:

3 (1) the permit holder provides the commission with a
4 description, as required by the commission, of each motor vehicle
5 used by the permit holder to transport alcoholic beverages; and

6 (2) each motor vehicle is plainly marked or lettered
7 to indicate that it is being used by the permit holder to transport
8 alcoholic beverages.

9 (c) When transporting alcoholic beverages under this
10 section, the holder of a wine only package store permit may not
11 violate the motor carrier laws of this state.

12 SECTION 89. Section 24.05(c), Alcoholic Beverage Code, is
13 amended to read as follows:

14 (c) A person may not hold a wine and malt beverage [~~beer~~]
15 retailer's or wine and malt beverage [~~beer~~] retailer's off-premise
16 permit at the same location where the person holds a wine only
17 package store permit.

18 SECTION 90. (a) Effective September 1, 2019, Section
19 24.07, Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 24.07. WHEN LICENSE ALSO HELD: HOURS OF SALE, ETC. A
21 holder of a wine only package store permit who also holds a retail
22 dealer's off-premise license for the same location may remain open
23 and sell ale, wine, vinous liquors, and beer, for off-premises
24 consumption only, on any day and during the same hours as those
25 prescribed for the sale of beer under Section 105.05 [~~that the~~
26 ~~holder of a wine and beer retailer's permit may sell ale, beer, and~~
27 ~~wine~~], except that the permit holder [~~he~~] may not sell wine or

1 vinous liquor containing more than 17 percent alcohol by volume on a
2 Sunday or after 10 p.m. on any day.

3 (b) Effective September 1, 2021, Section [24.07](#), Alcoholic
4 Beverage Code, is amended to read as follows:

5 Sec. 24.07. ~~[WHEN LICENSE ALSO HELD.]~~ HOURS OF SALE ~~[, ETC]~~.
6 A holder of a wine only package store permit ~~[who also holds a~~
7 ~~retail dealer's off-premise license for the same location]~~ may
8 remain open and sell malt beverages ~~[ale]~~, wine, and vinous
9 liquors, ~~[and beer,]~~ for off-premises consumption only, on any day
10 and during the same hours as those prescribed for the sale of malt
11 beverages under Section [105.05](#) ~~[that the holder of a wine and beer~~
12 ~~retailer's permit may sell ale, beer, and wine]~~, except that the
13 permit holder ~~[he]~~ may not sell wine or vinous liquor containing
14 more than 17 percent alcohol by volume on a Sunday or after 10 p.m.
15 on any day.

16 SECTION 91. Section [24.09](#), Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 24.09. OPENING CONTAINERS PROHIBITED. Except as
19 provided by Section [24.12](#) ~~[[52.01](#)]~~, a person may not break or open a
20 container of liquor or malt beverages ~~[beer]~~ or possess an opened
21 container of liquor or malt beverages ~~[beer]~~ on the premises of a
22 wine only package store.

23 SECTION 92. Section [24.10](#), Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 24.10. BEVERAGE FROM OPENED CONTAINER. Except as
26 provided by Section [24.12](#) ~~[[52.01](#)]~~, a person may not sell, barter,
27 exchange, deliver, or give away a drink of alcoholic beverage from a

1 container that has been opened or broken on the premises of a wine
2 only package store.

3 SECTION 93. Section 24.12, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 24.12. WINE AND MALT BEVERAGES [~~ALE~~] SAMPLING. (a)
6 The holder of a wine only package store permit may conduct free
7 product samplings of wine or malt beverages [~~ale~~] on the permit
8 holder's premises during regular business hours as provided by this
9 section.

10 (b) An agent or employee of the holder of a wine only package
11 store permit may open, touch, or pour wine or malt beverages [~~ale~~],
12 make a presentation, or answer questions at a sampling event.

13 (c) For the purposes of this code and any other law or
14 ordinance:

15 (1) a wine only package store permit does not
16 authorize the sale of alcoholic beverages for on-premise
17 consumption; and

18 (2) none of the permit holder's income may be
19 considered to be income from the sale of alcoholic beverages for
20 on-premise consumption.

21 (d) Any wine or malt beverages [~~ale~~] used in a sampling
22 event under this section must be purchased from or provided by the
23 retailer on whose premises the sampling event is held. The retailer
24 may not require the purchase of more alcoholic beverages than are
25 necessary for the tasting. This section does not authorize the
26 holder of a nonresident seller's permit or that permit holder's
27 agent or employee to withdraw or purchase an alcoholic beverage

1 from the holder of a wholesaler's permit or provide an alcoholic
2 beverage for tasting on a retailer's premises that is not purchased
3 from the retailer.

4 (e) When a sampling event under this section is held on the
5 premises of a wine only package store permit located in an area
6 which is wet for the sale of wine but which is not wet for the sale
7 of higher alcohol content wines that may be sold under an
8 unrestricted wine only package store permit, the only wines that
9 may be sampled are wines which may be legally sold by the wine only
10 package store permittee as restricted under Section 251.81.

11 (f) Written notification of a product tasting must be posted
12 on the premises of the wine only package store permit holder not
13 later than 48 hours before the tasting event. The notification
14 shall clearly state:

15 (1) the type and brand of alcoholic beverage to be
16 tasted;

17 (2) the date and hours the tasting is to take place;
18 and

19 (3) the address of the premises where the tasting is to
20 occur.

21 (g) A copy of the notification shall be kept on file and
22 available for inspection on the premises during all tasting hours.

23 (h) Sample portions at a product tasting shall be limited to
24 no more than:

25 (1) one ounce for wine; and

26 (2) one ounce for malt beverages and coolers.

27 (i) Not more than 20 different products may be made

1 available for tasting at any one time.

2 (j) No charge of any sort may be made for a sample serving.

3 (k) A person may be served more than one sample. Samples may
4 not be served to a minor or to an obviously intoxicated person. A
5 sample may not be removed from the permitted premises.

6 (l) During the tasting, not more than two containers of each
7 brand or type of product being tasted may be open on the premises at
8 one time.

9 (m) At the conclusion of the tasting, all empty or open
10 containers of alcoholic beverages used in the tasting shall be
11 removed from the premises or stored in a locked, secure area on the
12 permitted premises.

13 (n) A tasting event authorized by this section may not be
14 advertised except by on-site communications, by direct mail, by
15 electronic mail, or on the permit holder's Internet website.

16 (o) Except as provided by Subsection (p) or elsewhere in
17 this code, a person other than the wine only package store permittee
18 or the permittee's agent or employee may not dispense or
19 participate in the dispensing of alcoholic beverages under this
20 section.

21 (p) The holder of a nonresident seller's permit or that
22 permit holder's agent or employee may participate in and conduct
23 product tastings of alcoholic beverages at a retailer's premises
24 and may open, touch, or pour alcoholic beverages, make a
25 presentation, or answer questions at the tasting.

26 SECTION 94. The heading to Chapter 25, Alcoholic Beverage
27 Code, is amended to read as follows:

1 CHAPTER 25. WINE AND MALT BEVERAGE [~~BEER~~] RETAILER'S PERMIT

2 SECTION 95. Section 25.01, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 25.01. AUTHORIZED ACTIVITIES. The holder of a wine and
5 malt beverage [~~beer~~] retailer's permit may sell:

6 (1) for consumption on or off the premises where sold,
7 but not for resale, wine[~~, beer,~~] and malt beverages [~~liquors~~]
8 containing alcohol in excess of one-half of one percent by volume
9 and not more than 17 percent by volume; and

10 (2) for consumption on the premises traditional port
11 or sherry containing alcohol in excess of one-half of one percent by
12 volume and not more than 24 percent by volume.

13 SECTION 96. Effective September 1, 2019, the heading to
14 Section 25.03, Alcoholic Beverage Code, is amended to read as
15 follows:

16 Sec. 25.03. [~~RAILWAY CARS AND~~] EXCURSION BOATS: PERMITS,
17 FEES.

18 SECTION 97. Effective September 1, 2019, Sections 25.03(c)
19 and (d), Alcoholic Beverage Code, are amended to read as follows:

20 (c) Application for a permit for [~~a railway car or~~] an
21 excursion boat and payment of the required fee shall be made
22 directly to the commission.

23 (d) A permit for [~~a railway car or~~] an excursion boat is
24 inoperative in a dry area.

25 SECTION 98. (a) Effective December 31, 2020, Section
26 25.04(a), Alcoholic Beverage Code, is amended to read as follows:

27 (a) A wine and beer retailer's permit is issued by the

1 commission [~~or administrator~~]. The qualification of applicants and
2 the application for and issuance of the permit are governed by the
3 same provisions which apply to the application for and issuance of a
4 retail dealer's on-premise license.

5 (b) Effective September 1, 2021, Section 25.04, Alcoholic
6 Beverage Code, is amended to read as follows:

7 Sec. 25.04. ISSUANCE, CANCELLATION, AND SUSPENSION OF
8 PERMIT. (a) A wine and malt beverage [~~beer~~] retailer's permit is
9 issued by the commission [~~or administrator~~]. The qualification of
10 applicants and the application for and issuance of the permit are
11 governed by the same provisions which apply to the application for
12 and issuance of a retail dealer's on-premise license.

13 (b) The provisions of this code applicable to the
14 cancellation and suspension of a retail dealer's on-premise license
15 also apply to the cancellation and suspension of a wine and malt
16 beverage [~~beer~~] retailer's permit.

17 SECTION 99. (a) Effective December 31, 2020, Section
18 25.05(a), Alcoholic Beverage Code, is amended to read as follows:

19 (a) On receipt of an original application for a wine and
20 beer retailer's permit, the commission [~~county judge~~] shall give
21 notice of all hearings before the commission [~~him~~] concerning the
22 application to [~~the commission,~~] the sheriff[~~7~~] and the chief of
23 police of the incorporated city in which, or nearest which, the
24 premises for which the permit is sought are located.

25 (b) Effective September 1, 2021, Section 25.05(a),
26 Alcoholic Beverage Code, is amended to read as follows:

27 (a) On receipt of an original application for a wine and

1 malt beverage [~~beer~~] retailer's permit, the commission [~~county~~
2 ~~judge~~] shall give notice of all hearings before the commission
3 [~~him~~] concerning the application to [~~the commission,~~] the
4 sheriff[~~r~~] and the chief of police of the incorporated city in
5 which, or nearest which, the premises for which the permit is sought
6 are located.

7 SECTION 100. (a) Effective December 31, 2020, Sections
8 25.06(a), (b), and (c), Alcoholic Beverage Code, are amended to
9 read as follows:

10 (a) The commission [~~county judge~~] shall deny an original
11 application for a wine and beer retailer's permit if the commission
12 [~~he~~] finds that the applicant, or the applicant's spouse, during
13 the five years immediately preceding the application, was finally
14 convicted of a felony or one of the following offenses:

- 15 (1) prostitution;
- 16 (2) a vagrancy offense involving moral turpitude;
- 17 (3) bookmaking;
- 18 (4) gambling or gaming;
- 19 (5) an offense involving controlled substances as
20 defined in Chapter 481, Health and Safety Code, or other dangerous
21 drugs;
- 22 (6) a violation of this code resulting in the
23 cancellation of a license or permit, or a fine of not less than
24 \$500;
- 25 (7) more than three violations of this code relating
26 to minors;
- 27 (8) bootlegging; or

1 (9) an offense involving firearms or a deadly weapon.

2 (b) The commission [~~county judge~~] shall also deny an
3 original application for a permit if the commission [~~he~~] finds that
4 five years have not elapsed since the termination of a sentence,
5 parole, or probation served by the applicant or the applicant's
6 spouse because of a felony conviction or conviction of any of the
7 offenses described in Subsection (a) [~~of this section~~].

8 (c) The commission shall deny an application for [~~refuse to~~
9 ~~issue~~] a renewal of a wine and [~~or~~] beer retailer's permit if the
10 commission [~~it~~] finds:

11 (1) that the applicant, or the applicant's spouse, has
12 been convicted of a felony or one of the offenses listed in
13 Subsection (a) [~~of this section~~] at any time during the five years
14 immediately preceding the filing of the application for renewal; or

15 (2) that five years have not elapsed since the
16 termination of a sentence, parole, or probation served by the
17 applicant, or the applicant's spouse, of a felony conviction or
18 conviction of any of the offenses described in Subsection (a) [~~of~~
19 ~~this section~~].

20 (b) Effective September 1, 2021, Sections 25.06(a) and (c),
21 Alcoholic Beverage Code, are amended to read as follows:

22 (a) The commission [~~county judge~~] shall deny an original
23 application for a wine and malt beverage [~~beer~~] retailer's permit
24 if the commission [~~he~~] finds that the applicant, or the applicant's
25 spouse, during the five years immediately preceding the
26 application, was finally convicted of a felony or one of the
27 following offenses:

- 1 (1) prostitution;
- 2 (2) a vagrancy offense involving moral turpitude;
- 3 (3) bookmaking;
- 4 (4) gambling or gaming;
- 5 (5) an offense involving controlled substances as
- 6 defined in Chapter 481, Health and Safety Code, or other dangerous
- 7 drugs;
- 8 (6) a violation of this code resulting in the
- 9 cancellation of a license or permit, or a fine of not less than
- 10 \$500;
- 11 (7) more than three violations of this code relating
- 12 to minors;
- 13 (8) bootlegging; or
- 14 (9) an offense involving firearms or a deadly weapon.

15 (c) The commission shall deny an application for [~~refuse to~~
16 ~~issue~~] a renewal of a wine and malt beverage [~~or beer~~] retailer's
17 permit if the commission [~~it~~] finds:

- 18 (1) that the applicant, or the applicant's spouse, has
- 19 been convicted of a felony or one of the offenses listed in
- 20 Subsection (a) [~~of this section~~] at any time during the five years
- 21 immediately preceding the filing of the application for renewal; or
- 22 (2) that five years have not elapsed since the
- 23 termination of a sentence, parole, or probation served by the
- 24 applicant, or the applicant's spouse, of a felony conviction or
- 25 conviction of any of the offenses described in Subsection (a) [~~of~~
26 ~~this section~~].

27 SECTION 101. Section 25.09, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 25.09. POSSESSION OF CERTAIN BEVERAGES PROHIBITED.

3 (a) Except as provided by this section, a wine and malt beverage
4 [~~beer~~] retailer's permittee or an officer of the permittee may not
5 possess distilled spirits or liquor containing alcohol in excess of
6 17 percent by volume on the licensed premises.

7 (b) The commission by rule may allow a wine and malt
8 beverage [~~beer~~] retailer's permittee or the permittee's officer to
9 possess and use alcoholic beverages in excess of 17 percent by
10 volume on the licensed premises for cooking purposes.

11 SECTION 102. Section 25.10, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 25.10. APPLICATION OF OTHER CODE PROVISIONS. Sections
14 61.78, 61.81, 61.82, and 61.84 [~~of this code~~] also apply to a wine
15 and malt beverage [~~beer~~] retailer's permit. The restrictions in
16 this code relating to malt beverages [~~beer~~] as to the application of
17 local restrictions, sales to minors and intoxicated persons, age of
18 employees, and the use of blinds or barriers apply to the sale of
19 alcoholic beverages by a wine and malt beverage [~~beer~~] retailer's
20 permittee.

21 SECTION 103. Section 25.11, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 25.11. SEATING AREA REQUIRED. A wine and malt beverage
24 [~~beer~~] retailer's permittee must have an area designated on the
25 premises for the permittee's customers to sit if they wish to
26 consume beverages sold by the permittee on the premises.

27 SECTION 104. Section 25.12(a), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (a) Notwithstanding any provision of this code to the
3 contrary, the premises of a wine and malt beverage [~~beer~~]
4 retailer's permittee who leases space in a food court includes the
5 seating area that the permittee shares with the other lessees that
6 occupy the food court.

7 SECTION 105. Sections 25.13(a), (a-1), and (d), Alcoholic
8 Beverage Code, are amended to read as follows:

9 (a) In this section, "location" means the designated
10 physical address of the wine and malt beverage [~~beer~~] retailer's
11 permit and includes all areas at the address where the permit holder
12 may sell or deliver alcoholic beverages for immediate consumption
13 regardless of whether some of those areas are occupied by other
14 businesses.

15 (a-1) A holder of a wine and malt beverage [~~beer~~] retailer's
16 permit may be issued a food and beverage certificate by the
17 commission if the commission finds that the receipts from the sale
18 of alcoholic beverages by the permit holder at the location are 60
19 percent or less of the total receipts from the location.

20 (d) A certificate issued under this section expires on the
21 expiration of the primary wine and malt beverage [~~beer~~] retailer's
22 permit. A certificate may be canceled at any time, and the renewal
23 of a certificate may be denied, if the commission finds that the
24 holder of the certificate is in violation of Subsection (a-1) or (b)
25 or a rule adopted under Subsection (b-1). On finding that the
26 permittee knowingly operated under a food and beverage certificate
27 while not complying with this section or a rule adopted under

1 Subsection (b-1), the commission may cancel or deny the renewal of
2 the permittee's wine and malt beverage [~~beer~~] retailer's
3 permit. The holder of a wine and malt beverage [~~beer~~] retailer's
4 permit whose certificate has been canceled or who is denied renewal
5 of a certificate under this subsection may not apply for a new
6 certificate until the day after the first anniversary of the date
7 the certificate was canceled or the renewal of the certificate was
8 denied.

9 SECTION 106. Section 25.14(a), Alcoholic Beverage Code, is
10 amended to read as follows:

11 (a) Notwithstanding any other provision of this code, a
12 permit under this chapter may be issued for a premises in an area in
13 which the voters have approved the following alcoholic beverage
14 ballot issues in a local option election:

15 (1) "The legal sale of malt beverages [~~beer~~] and wine
16 for off-premise consumption only."; and

17 (2) either:

18 (A) "The legal sale of mixed beverages."; or

19 (B) "The legal sale of mixed beverages in
20 restaurants by food and beverage certificate holders only."

21 SECTION 107. Chapter 25, Alcoholic Beverage Code, is
22 amended by adding Section 25.15 to read as follows:

23 Sec. 25.15. SALES AT TEMPORARY LOCATION. (a) The holder of
24 a wine and malt beverage retailer's permit may temporarily at a
25 location other than the permit holder's premises sell for
26 consumption on or off the premises where sold, but not for resale,
27 wine and malt beverages containing alcohol in excess of one-half of

1 one percent by volume but not more than 17 percent by volume at a
2 picnic, celebration, or similar event.

3 (b) The holder of a wine and malt beverage retailer's permit
4 may temporarily sell wine and malt beverages for not more than four
5 consecutive days at the same location under Subsection (a) and not
6 more than five consecutive days at an event under Subsection (d) or
7 six days if necessary to accommodate the postponement of scheduled
8 racing events due to an act of nature.

9 (c) The commission shall adopt rules to implement this
10 section, including rules that:

11 (1) require the permit holder to notify the commission
12 of the dates on which and location where the permit holder will
13 temporarily offer wine and malt beverages for sale under this
14 section;

15 (2) establish a procedure to verify the wet or dry
16 status of the location where the permit holder intends to
17 temporarily sell wine and malt beverages under this section;

18 (3) detail the circumstances when a permit holder may
19 temporarily sell wine and malt beverages under this section with
20 only a notification to the commission and the circumstances that
21 require the commission's preapproval before a permit holder may
22 temporarily sell wine and malt beverages under this section;

23 (4) establish the length of time a permit holder may
24 sell wine and malt beverages under this section at the same
25 location; and

26 (5) require the permit holder to provide any other
27 information the commission determines necessary.

1 (d) The holder of a wine and malt beverage retailer's permit
2 may temporarily sell wine and malt beverages in an area of a
3 facility with a seating capacity of more than 150,000 that is open
4 to the public and not otherwise covered by a license or permit
5 during a motor vehicle racing event sponsored by a professional
6 motor racing association.

7 (e) The holder of a wine and malt beverage retailer's permit
8 who temporarily sells wine and malt beverages under Subsection (d)
9 may not:

10 (1) sell under this section at the facility more than
11 four times in a calendar year;

12 (2) sell alcoholic beverages in factory-sealed
13 containers;

14 (3) sell more than two drinks to a single consumer at
15 one time;

16 (4) sell alcoholic beverages at more than 50 percent
17 of the food and beverage concession stands that are open for
18 business at any one time; and

19 (5) sell alcoholic beverages after:

20 (A) 75 percent of the feature race is complete on
21 the day that race is held; and

22 (B) one hour before the scheduled completion of
23 the last spectator event on a day other than the feature race day.

24 (f) A holder of a wine and malt beverage retailer's permit
25 that sells wine or malt beverages under that permit in a county
26 other than the county in which the premises covered by the permit is
27 located must:

1 (a) A wine and beer retailer's off-premise permit is issued
2 by the commission [~~or administrator~~]. The qualifications of
3 applicants and the application for and issuance of the permit are
4 governed by the same provisions which apply to the application for
5 and issuance of a retail dealer's off-premise license.

6 (b) Effective September 1, 2021, Section 26.03, Alcoholic
7 Beverage Code, is amended to read as follows:

8 Sec. 26.03. ISSUANCE, CANCELLATION, AND SUSPENSION OF
9 PERMIT. (a) A wine and malt beverage [~~beer~~] retailer's off-premise
10 permit is issued by the commission [~~or administrator~~]. The
11 qualifications of applicants and the application for and issuance
12 of the permit are governed by the same provisions which apply to the
13 application for and issuance of a retail dealer's off-premise
14 license.

15 (b) The provisions of this code applicable to the
16 cancellation and suspension of a retail dealer's off-premise
17 license also apply to the cancellation and suspension of a wine and
18 malt beverage [~~beer~~] retailer's off-premise permit.

19 SECTION 111. Section 26.04, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 26.04. APPLICATION OF OTHER CODE PROVISIONS. Sections
22 61.78, 61.81, 61.82, and 61.84 [~~of this code~~] also apply to a wine
23 and malt beverage [~~beer~~] retailer's off-premise permit. The
24 restrictions in this code relating to malt beverages [~~beer~~] as to
25 the application of local restrictions, sales to minors and
26 intoxicated persons, and age of employees apply to the sale of
27 alcoholic beverages by a wine and malt beverage [~~beer~~] retailer's

1 off-premise permittee.

2 SECTION 112. Section 26.05(a), Alcoholic Beverage Code, is
3 amended to read as follows:

4 (a) Each holder of a wine and malt beverage [~~beer~~]
5 retailer's off-premise permit shall display in a prominent place on
6 the permittee's [~~his~~] premises a sign stating in letters at least
7 two inches high: IT IS A CRIME (MISDEMEANOR) TO CONSUME LIQUOR OR
8 MALT BEVERAGES [~~BEER~~] ON THESE PREMISES. The commission or
9 administrator may require the holder of the permit to also display
10 the sign in a language other than English if it can be observed or
11 determined that a substantial portion of the expected customers
12 speak the other language as their familiar language.

13 SECTION 113. Section 26.08, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 26.08. SAMPLING EVENT. (a) An employee of the holder
16 of a wine and malt beverage [~~beer~~] retailer's off-premise permit
17 may open, touch, or pour wine[~~, beer,~~] or malt beverages [~~liquor~~],
18 make a presentation, or answer questions at a sampling event.

19 (b) For purposes of this code and any other law or
20 ordinance:

21 (1) a wine and malt beverage [~~beer~~] retailer's
22 off-premise permit does not authorize the sale of alcoholic
23 beverages for on-premises consumption; and

24 (2) none of the permit holder's income may be
25 considered to be income from the sale of alcoholic beverages for
26 on-premises consumption.

27 (c) Any wine[~~, beer,~~] or malt beverages [~~liquor~~] used in a

1 sampling event under this section must be purchased from or
2 provided by the retailer on whose premises the sampling event is
3 held. This section does not authorize the holder of a wine and malt
4 beverage [~~beer~~] retailer's off-premise permit to withdraw or
5 purchase alcoholic beverages from the holder of a wholesaler's
6 permit or a distributor's license or provide alcoholic beverages
7 for a sampling on a retailer's premises that is not purchased from
8 the retailer. The amount of alcoholic beverages purchased from the
9 retailer may not exceed the amount of alcoholic beverages used in
10 the sampling event.

11 SECTION 114. Sections 28.01(b) and (c), Alcoholic Beverage
12 Code, are amended to read as follows:

13 (b) The holder of a mixed beverage permit for an
14 establishment in a hotel may deliver mixed beverages, including
15 wine and malt beverages [~~beer~~], to individual rooms of the hotel or
16 to any other location in the hotel building or grounds, except a
17 parking area or the licensed premises of another alcoholic beverage
18 establishment, without regard to whether the place of delivery is
19 part of the licensed premises. A permittee in a hotel may allow a
20 patron or visitor to enter or leave the licensed premises, even
21 though the patron or visitor possesses an alcoholic beverage, if
22 the beverage is in an open container and appears to be possessed for
23 present consumption.

24 (c) The holder of a mixed beverage permit may also:

25 (1) purchase wine [~~beer, ale,~~] and malt beverages
26 [~~liquor~~] containing alcohol of not more than 21 percent by volume in
27 containers of any legal size from any permittee or licensee

1 authorized to sell those beverages for resale; and

2 (2) sell the wine~~[, beer, ale,]~~ and malt beverages
3 ~~[liquor]~~ for consumption on the licensed premises.

4 SECTION 115. Section 28.07, Alcoholic Beverage Code, is
5 amended by amending Subsections (b) and (c) and adding Subsection
6 (d) to read as follows:

7 (b) If a holder of a mixed beverage permit is in a county
8 where there are no local distributors, the permit holder ~~[he]~~ may
9 purchase alcoholic beverages in the nearest county where local
10 distributors are located and may transport them to the permit
11 holder's ~~[his]~~ premises ~~[provided that he is also a holder of a~~
12 ~~beverage cartage permit]~~. The transporter may acquire the
13 alcoholic beverages only on the written order of the holder of the
14 mixed beverage permit. The alcoholic beverages must be accompanied
15 by a written statement furnished and signed by the local
16 distributor showing the name and address of the consignee and
17 consignor, the origin and destination of the shipment, and any
18 other information required by the commission or administrator. The
19 person in charge of the alcoholic beverages while they are being
20 transported shall exhibit the written statement to any
21 representative of the commission or any peace officer on demand,
22 and the statement shall be accepted by the representative or
23 officer as prima facie evidence of the lawful right to transport the
24 alcoholic beverages.

25 (c) If a mixed beverage permittee's ~~[permittee holds a~~
26 ~~beverage cartage permit and his]~~ premises are located in a regional
27 airport governed by a board, commission, or authority composed of

1 members from two or more counties, and there is no local distributor
2 at the airport, the mixed beverage permittee may purchase alcoholic
3 beverages from any local distributor in a trade area served by the
4 airport and transport the alcoholic beverages [~~them~~] to the permit
5 holder's [~~his~~] licensed premises. The transportation of the
6 beverages must be in accordance with Subsection (b) [~~of this~~
7 ~~section~~].

8 (d) The holder of a mixed beverage permit may transfer
9 alcoholic beverages from the place of purchase to the permitted
10 premises as provided in this code.

11 SECTION 116. Section 28.10(b), Alcoholic Beverage Code, is
12 amended to read as follows:

13 (b) A mixed beverage permittee may not permit any person to
14 take any alcoholic beverage purchased on the licensed premises from
15 the premises where sold, except that:

16 (1) a person who orders wine with food and has a
17 portion of the open container remaining may remove the open
18 container of wine from the premises; and

19 (2) a mixed beverage permittee who also holds a
20 brewpub license may sell or offer without charge on the premises of
21 the brewpub, to an ultimate consumer for consumption on or off the
22 premises, malt beverages [~~liquor, ale, or beer~~] produced by the
23 permittee, in or from a lawful container in an amount that does not
24 exceed one-half barrel, provided that the aggregate amount of malt
25 beverages [~~liquor, ale, and beer~~] removed from the premises under
26 this subdivision does not exceed 1,000 barrels annually.

27 SECTION 117. Chapter 28, Alcoholic Beverage Code, is

1 amended by adding Section 28.19 to read as follows:

2 Sec. 28.19. SALES AT TEMPORARY LOCATION. (a) The holder of
3 a mixed beverage permit may temporarily sell authorized alcoholic
4 beverages at:

5 (1) a picnic, celebration, or similar event; or

6 (2) a place other than the premises for which the
7 holder's mixed beverage permit is issued only in:

8 (A) an area where the sale of mixed beverages has
9 been authorized by a local option election; or

10 (B) an area that:

11 (i) is adjacent to a county with a home-rule
12 municipality with a population of more than 350,000:

13 (a) that has in its charter a
14 provision allowing for limited purpose annexation for zoning;

15 (b) that has previously disannexed
16 territory annexed for limited purposes; and

17 (c) that allows the sale of mixed
18 beverages;

19 (ii) does not comprise an entire county;

20 and

21 (iii) is not within the corporate limits of
22 a municipality.

23 (b) Distilled spirits sold at a temporary location under
24 this section must be purchased from the holder of a local
25 distributor's permit.

26 (c) The commission shall adopt rules to implement this
27 section, including rules that:

1 (1) require the permit holder to notify the commission
2 of the dates on which and location where the permit holder will
3 temporarily offer alcoholic beverages for sale under this section;

4 (2) establish a procedure to verify the wet or dry
5 status of the location where the permit holder intends to
6 temporarily sell alcoholic beverages under this section;

7 (3) detail the circumstances when a permit holder may
8 temporarily sell alcoholic beverages under this section with only a
9 notification to the commission and the circumstances that require
10 the commission's preapproval before a permit holder may temporarily
11 sell alcoholic beverages under this section;

12 (4) establish the length of time a permit holder may
13 sell alcoholic beverages under this section at the same location;
14 and

15 (5) require the permit holder to provide any other
16 information the commission determines necessary.

17 (d) Notwithstanding any other law, the temporary sale of
18 alcoholic beverages by a mixed beverage permit holder under this
19 section in an area located on property owned by a municipality that
20 contains a municipally owned conference center and that borders a
21 lake may permit a patron to leave the area, even though the patron
22 possesses an alcoholic beverage, if:

23 (1) the beverage is in an open container and appears to
24 be possessed for present consumption; and

25 (2) the public consumption of alcoholic beverages or
26 possession of an open container of an alcoholic beverage is not
27 prohibited on the municipally owned property where the area is

1 located.

2 (e) Subsection (d) applies only to a mixed beverage permit
3 holder operating under this section in an area in a municipality
4 that:

5 (1) has a population of less than 15,000;

6 (2) is located in a county with a population of less
7 than 65,000; and

8 (3) contains a historic preservation district that
9 borders a lake.

10 (f) Subsection (d) does not affect the prohibition against
11 possessing an open container in a passenger area of a motor vehicle
12 under Section 49.031, Penal Code.

13 SECTION 118. Chapter 29, Alcoholic Beverage Code, is
14 amended to read as follows:

15 CHAPTER 29. RETAILER [~~MIXED BEVERAGE~~] LATE HOURS CERTIFICATE
16 [~~PERMIT~~]

17 Sec. 29.01. ELIGIBLE PERMIT AND LICENSE HOLDERS. A
18 retailer late hours certificate may be issued to the holder of a
19 mixed beverage permit, private club registration permit, or retail
20 dealer's on-premise license.

21 Sec. 29.02. AUTHORIZED ACTIVITIES. The holder of a
22 retailer late hours certificate [~~mixed beverage late hours permit~~]
23 may sell or serve the alcoholic beverages the holder is authorized
24 to sell or serve under its primary permit or license [~~mixed~~
25 ~~beverages~~] on Sunday between the hours of 1:00 a.m. and 2 a.m. and
26 on any other day between the hours of 12 midnight and 2 a.m. if the
27 premises covered by the license or permit are in an area where the

1 sale or service of those alcoholic [~~mixed~~] beverages during those
2 hours is authorized by this code.

3 [~~Sec. 29.02. FEE. The annual state fee for a mixed beverage~~
4 ~~late hours permit is \$150.~~]

5 Sec. 29.03. ISSUANCE OF CERTIFICATE AUTHORIZED FOR CERTAIN
6 AREAS. (a) Notwithstanding any other provision of this code, a
7 retailer late hours certificate may be issued to the holder of a
8 retail dealer's on-premise license in an area in which the voters
9 have approved the following alcoholic beverage ballot issues in a
10 local option election:

11 (1) either:

12 (A) "The legal sale of beer and wine for
13 off-premise consumption only."; or

14 (B) "The legal sale of malt beverages and wine
15 for off-premise consumption only."; and

16 (2) either:

17 (A) "The legal sale of mixed beverages."; or

18 (B) "The legal sale of mixed beverages in
19 restaurants by food and beverage certificate holders only."

20 (b) A premises that qualifies for a certificate under this
21 chapter because it is located in an area that approved the ballot
22 issue described by Subsection (a)(2)(B) may be issued a certificate
23 under this chapter only if the premises is issued a food and
24 beverage certificate [~~APPLICATION OF PROVISIONS REGULATING MIXED~~
25 ~~BEVERAGE PERMITS. All provisions of this code which apply to a~~
26 ~~mixed beverage permit also apply to a mixed beverage late hours~~
27 ~~permit~~].

1 SECTION 119. Chapter 30, Alcoholic Beverage Code, is
2 amended to read as follows:

3 CHAPTER 30. NONPROFIT ENTITY [~~DAILY~~] TEMPORARY EVENT [~~MIXED~~
4 ~~BEVERAGE~~] PERMIT

5 Sec. 30.01. DEFINITION. In this chapter, "nonprofit
6 entity" means:

- 7 (1) a nonprofit corporation;
8 (2) a nonprofit charitable, civic, or religious
9 organization;
10 (3) a political party or political association
11 supporting a candidate for public office or a proposed amendment to
12 the Texas Constitution or other ballot measure; or
13 (4) a fraternal organization with a regular membership
14 that has been in continuous existence for more than five years.

15 Sec. 30.02. AUTHORIZED ACTIVITIES. The holder of a
16 nonprofit entity [~~daily~~] temporary event [~~mixed beverage~~] permit
17 may sell [~~mixed beverages~~] for consumption on the premises for
18 which the permit is issued any alcoholic beverage that is
19 authorized to be sold where the event is held.

20 Sec. 30.03. [~~Sec. 30.02. FEE. The state fee for a daily~~
21 ~~temporary mixed beverage permit is \$50 per day.~~

22 [~~Sec. 30.03.~~] ISSUANCE OF PERMIT. [~~(a)~~] The commission may [~~7~~
23 ~~in its discretion,~~] issue [~~on~~] a nonprofit entity temporary event
24 [~~basis a daily temporary mixed beverage~~] permit to a nonprofit
25 entity for the sale of alcoholic beverages at an event sponsored by
26 the permit holder including [~~. A daily temporary mixed beverage~~
27 ~~permit may be issued only to a holder of a mixed beverage permit for~~

1 ~~the temporary sale of authorized alcoholic beverages at] picnics,~~
2 ~~celebrations, or similar events [, or to a political party or~~
3 ~~political association supporting a candidate for public office or a~~
4 ~~proposed amendment to the Texas Constitution or other ballot~~
5 ~~measure, to an organization formed for a specific charitable or~~
6 ~~civic purpose, to a fraternal organization in existence for over~~
7 ~~five years with a regular membership, or to a religious~~
8 ~~organization. The commission shall not issue more than 10~~
9 ~~temporary mixed beverage permits in each calendar year to a person~~
10 ~~who does not also hold a mixed beverage permit].~~

11 ~~[(b) The provisions of this code which apply to the~~
12 ~~application for and issuance of other permits do not apply to the~~
13 ~~application and issuance of a daily temporary mixed beverage~~
14 ~~permit.]~~

15 Sec. 30.04. NOTATION OF DATES PERMIT IS VALID. When issuing
16 a nonprofit entity temporary event permit under this chapter, the
17 commission shall, on the face of the permit, indicate the dates on
18 which the permit is valid.

19 Sec. 30.05. PURCHASE OF DISTILLED SPIRITS. Distilled
20 spirits sold by the holder of a nonprofit entity [~~under a daily~~]
21 temporary event [~~mixed beverage~~] permit must be purchased from the
22 holder of a local distributor's permit.

23 Sec. 30.06 [30.05]. AUCTION OF ALCOHOLIC BEVERAGES. (a)
24 The holder of a nonprofit entity temporary event permit may auction
25 alcoholic beverages, for consumption off premises, to raise money
26 to support the stated purpose of the permit holder.

27 (b) The proceeds from an auction authorized by this section

1 shall be deposited to the account of the holder of a nonprofit
2 entity temporary event permit.

3 (c) The holder of a nonprofit entity temporary event permit
4 may not:

5 (1) auction distilled spirits or wine that has not
6 been donated to the organization;

7 (2) auction alcoholic beverages if any taxes are owed
8 on the beverages; or

9 (3) pay a commission or promotional allowance to a
10 person to:

11 (A) arrange or conduct an auction under this
12 section; or

13 (B) arrange the donation of alcoholic beverages
14 to be auctioned by the organization [~~APPLICATION OF PROVISIONS~~
15 ~~REGULATING MIXED BEVERAGE PERMITS. All provisions of this code~~
16 ~~applicable to a mixed beverage permit also apply to a daily~~
17 ~~temporary mixed beverage permit unless there is a special provision~~
18 ~~to the contrary].~~

19 Sec. 30.07 [30.06]. APPLICATION OF OTHER LAW. Section
20 11.39 does not apply to an applicant for a nonprofit entity
21 temporary event permit.

22 Sec. 30.08. ADOPTION OF RULES. The commission shall [may]
23 adopt rules which it determines to be necessary to implement and
24 administer the provisions of this chapter, including:

25 (1) limitations on the number of times during any
26 calendar year a nonprofit entity [~~qualified organization~~]
27 issued a permit under this chapter, which may vary based on the type

1 of entity and other factors the commission determines relevant;

2 (2) the duration for a permit issued under this
3 chapter which may vary depending on the length of the event for
4 which the permit is being issued; and

5 (3) penalties for a violation of this code or a rule
6 adopted under this code.

7 Sec. 30.09. EVENTS IN DRY AREA. (a) The commission may
8 issue a nonprofit entity temporary event permit to a nonprofit
9 corporation for a fund-raising event for the nonprofit corporation
10 that is located in a dry area.

11 (b) A nonprofit entity temporary event permit under this
12 section may only be issued for an event:

13 (1) in the county where the nonprofit corporation is
14 located; and

15 (2) that lasts not longer than eight hours.

16 (c) A nonprofit corporation may be issued only one nonprofit
17 entity temporary event permit under this section in each calendar
18 year.

19 (d) The commission by rule shall establish the procedure for
20 obtaining and operating under a nonprofit entity temporary event
21 permit issued under this section.

22 SECTION 120. Section 32.01(b), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (b) An applicant for or the holder of a private club
25 registration permit may apply to the commission to have the
26 activities authorized under the permit restricted to the storage
27 and service of wine[~~beer~~] and malt beverages [~~liquor~~] for

1 members of the club. Except as otherwise provided by this chapter,
2 an applicant for or the holder of a permit that is restricted under
3 this subsection is subject to all the requirements of this chapter.
4 The commission may adopt rules as necessary to implement this
5 subsection.

6 SECTION 121. Section 32.08, Alcoholic Beverage Code, is
7 amended by amending Subsections (b) and (c) and adding Subsection
8 (d) to read as follows:

9 (b) If the club holding the permit is in an area where there
10 are no local distributors, alcoholic beverages may be purchased in
11 any area where local distributors are located and may be
12 transported to the club premises [~~if the club also holds a beverage~~
13 ~~cartage permit~~]. The transporter may acquire the alcoholic
14 beverages only on the written order of an officer or manager of the
15 club holding the permit. The alcoholic beverages must be
16 accompanied by a written statement furnished and signed by the
17 local distributor showing the name and address of the consignee and
18 consignor, the origin and destination of the shipment, and any
19 other information required by the commission or administrator. The
20 person in charge of the alcoholic beverages while they are being
21 transported shall exhibit the written statement to any
22 representative of the commission or any peace officer on demand,
23 and the statement shall be accepted by the representative or
24 officer as prima facie evidence of the lawful right to transport the
25 alcoholic beverages.

26 (c) If a private club registration permittee's [~~permittee~~
27 ~~holds a beverage cartage permit and his~~] premises are located in a

1 regional airport governed by a board, commission, or authority
2 composed of members from two or more counties, and there is no local
3 distributor at the airport, the private club registration permittee
4 may purchase alcoholic beverages from any local distributor in a
5 trade area served by the airport and transport the alcoholic
6 beverages [~~them~~] to the permit holder's [~~his~~] licensed premises.
7 The transportation of the beverages must be in accordance with
8 Subsection (b) [~~of this section~~].

9 (d) The holder of a private club registration permit may
10 transfer alcoholic beverages from the place of purchase to the
11 permitted premises as provided in this code.

12 SECTION 122. Sections 32.17(a) and (c), Alcoholic Beverage
13 Code, are amended to read as follows:

14 (a) The commission or administrator may cancel or suspend
15 for a period of time not exceeding 60 days, after notice and
16 hearing, an original or renewal private club registration permit on
17 finding that the permittee club has:

18 (1) sold, offered for sale, purchased, or held title
19 to any alcoholic beverage so as to constitute an open saloon;

20 (2) refused to allow an authorized agent or
21 representative of the commission or a peace officer to come on the
22 club premises for the purposes of inspecting alcoholic beverages
23 stored on the premises or investigating compliance with the
24 provisions of this code;

25 (3) refused to furnish the commission or its agent or
26 representative when requested any information pertaining to the
27 storage, possession, serving, or consumption of alcoholic

1 beverages on club premises;

2 (4) permitted or allowed any alcoholic beverages
3 stored on club premises to be served or consumed at any place other
4 than on the club premises;

5 (5) failed to maintain an adequate building at the
6 address for which the private club registration permit was issued;

7 (6) caused, permitted, or allowed any member of a club
8 in a dry area to store any liquor on club premises except under the
9 locker system;

10 (7) caused, permitted, or allowed any person to
11 consume or be served any alcoholic beverage on the club premises:

12 (A) at any time on Sunday between the hours of
13 1:15 a.m. and 10 a.m. or on any other day at any time between the
14 hours of 12:15 a.m. and 7 a.m., if the club does not have a retailer
15 [~~private club~~] late hours certificate [~~permit~~], except that an
16 alcoholic beverage served to a customer between 10 a.m. and 12 noon
17 on Sunday must be provided during the service of food to the
18 customer; or

19 (B) at any time on Sunday between the hours of 2
20 a.m. and 10 a.m. or on any other day at any time between the hours of
21 2 a.m. and 7 a.m., if the club has a retailer [~~private club~~] late
22 hours certificate [~~permit~~], except that an alcoholic beverage
23 served to a customer between 10 a.m. and 12 noon on Sunday must be
24 provided during the service of food to the customer; or

25 (8) violated or assisted, aided or abetted the
26 violation of any provision of this code.

27 (c) After notice and an opportunity for a hearing, the

1 commission or administrator may cancel or suspend the private club
2 registration permit of a permit holder who has restricted the
3 holder's authorized activities under the permit as provided by
4 Section 32.01(b) [~~of this code~~] on a determination that the permit
5 holder is storing or serving alcoholic beverages to club members
6 other than, or in addition to, wine[~~, beer,~~] and malt beverages
7 [~~liquor~~].

8 SECTION 123. Chapter 32, Alcoholic Beverage Code, is
9 amended by adding Section 32.25 to read as follows:

10 Sec. 32.25. SALES AT TEMPORARY LOCATION. (a) The holder of
11 a private club registration permit may temporarily serve authorized
12 alcoholic beverages at:

13 (1) a picnic, celebration, or similar event sponsored
14 by:

15 (A) a political party or political association
16 supporting a candidate for public office or a proposed amendment to
17 the Texas Constitution or other ballot measure;

18 (B) a charitable or civic organization;

19 (C) a fraternal organization with a regular
20 membership that has been in continuous existence for more than five
21 years; or

22 (D) a religious organization; and

23 (2) that is located in the county where the private
24 club registration permit is issued.

25 (b) The holder of a private club registration permit may
26 temporarily serve alcoholic beverages under this section not more
27 than two times in each calendar year.

1 (c) Distilled spirits served under this section must be
2 purchased from the holder of a local distributor's permit.

3 (d) The commission shall adopt rules to implement this
4 section, including rules that:

5 (1) require the permit holder to notify the commission
6 of the dates on which and location where the permit holder will
7 temporarily offer alcoholic beverages for sale under this section;

8 (2) establish a procedure to verify the wet or dry
9 status of the location where the permit holder intends to
10 temporarily sell alcoholic beverages under this section;

11 (3) detail the circumstances when a permit holder may
12 temporarily sell alcoholic beverages under this section with only a
13 notification to the commission and the circumstances that require
14 the commission's preapproval before a permit holder may temporarily
15 sell alcoholic beverages under this section; and

16 (4) require the permit holder to provide any other
17 information the commission determines necessary.

18 SECTION 124. Effective September 1, 2019, the heading to
19 Chapter 35, Alcoholic Beverage Code, is amended to read as follows:

20 CHAPTER 35. AGENTS [~~AGENT'S PERMIT~~]

21 SECTION 125. Effective September 1, 2019, Section 35.01,
22 Alcoholic Beverage Code, is amended to read as follows:

23 Sec. 35.01. AUTHORIZED ACTIVITIES. (a) An agent [~~The~~
24 ~~holder of an agent's permit~~] may:

25 (1) represent permittees other than retailers within
26 this state who are authorized to sell liquor to retail dealers in
27 the state; and

1 (2) solicit and take orders for the sale of liquor from
2 authorized permittees.

3 (b) A person acting as an agent may only represent one
4 permitted or licensed business at a time while soliciting or taking
5 orders.

6 SECTION 126. Effective September 1, 2019, Section 35.05,
7 Alcoholic Beverage Code, is amended to read as follows:

8 Sec. 35.05. SAMPLES. An agent [~~The holder of an agent's~~
9 ~~permit~~] may not transport or carry liquor as samples, but may carry
10 or display empty sample containers.

11 SECTION 127. Effective September 1, 2019, Section 35.06,
12 Alcoholic Beverage Code, is amended to read as follows:

13 Sec. 35.06. INELIGIBILITY TO SERVE AS NONRESIDENT SELLER'S
14 AGENT [~~FOR MANUFACTURER'S AGENT'S PERMIT~~]. A person acting as an
15 agent under this chapter [~~holding an agent's permit~~] may not act as
16 [~~be issued~~] a nonresident seller's agent under Chapter 36
17 [~~manufacturer's agent's permit~~].

18 SECTION 128. Effective September 1, 2019, Section 35.07,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 35.07. UNAUTHORIZED REPRESENTATION. An agent [~~A~~
21 ~~holder of an agent's permit~~] in soliciting or taking orders for the
22 sale of liquor may not represent that the agent is [~~himself to be~~]
23 an agent of any person other than the person who employs the agent
24 or who has authorized the agent to represent the person [~~designated~~
25 ~~in his permit application~~].

26 SECTION 129. Effective September 1, 2019, the heading to
27 Chapter 36, Alcoholic Beverage Code, is amended to read as follows:

1 CHAPTER 36. NONRESIDENT SELLER'S AGENTS [~~MANUFACTURER'S AGENT'S~~
2 ~~PERMIT~~]

3 SECTION 130. Effective September 1, 2019, Section 36.01,
4 Alcoholic Beverage Code, is amended to read as follows:

5 Sec. 36.01. AUTHORIZED ACTIVITIES. (a) A nonresident
6 seller's agent [~~The holder of a manufacturer's agent's permit~~] may:

7 (1) represent only the holders of nonresident seller's
8 permits; and

9 (2) solicit and take orders for the sale of liquor from
10 permittees authorized to import liquor for the purpose of resale.

11 (b) A person acting as a nonresident seller's agent may only
12 represent one permitted or licensed business at a time while
13 soliciting or taking orders.

14 SECTION 131. Effective September 1, 2019, Section 36.04,
15 Alcoholic Beverage Code, is amended to read as follows:

16 Sec. 36.04. INELIGIBILITY TO SERVE AS AN AGENT [~~FOR AGENT'S~~
17 ~~PERMIT~~]. A person acting as [~~holder of~~] a nonresident seller's
18 agent [~~manufacturer's agent's permit~~] may not act as an agent under
19 Chapter 35 [~~be issued an agent's permit~~].

20 SECTION 132. Effective September 1, 2019, Section 36.05,
21 Alcoholic Beverage Code, is amended to read as follows:

22 Sec. 36.05. SAMPLES. A nonresident seller's agent [~~The~~
23 ~~holder of a manufacturer's agent's permit~~] may not transport or
24 carry liquor as samples, but may carry or display empty sample
25 containers.

26 SECTION 133. Effective September 1, 2019, Section 36.06,
27 Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 36.06. SOLICITATION FROM HOLDER OF MIXED BEVERAGE OR
2 PRIVATE CLUB PERMIT. A nonresident seller's agent [~~holder of a~~
3 ~~manufacturer's agent's permit~~] may not solicit business directly or
4 indirectly from a holder of a mixed beverage permit or a private
5 club registration permit unless the agent [~~he~~] is accompanied by
6 the holder of a wholesaler's permit or the wholesaler's agent.

7 SECTION 134. Effective September 1, 2019, Section 36.07,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 36.07. UNAUTHORIZED REPRESENTATION. A nonresident
10 seller's agent [~~holder of a manufacturer's agent's permit~~] in
11 soliciting or taking orders for the sale of liquor may not represent
12 that the agent is [~~himself as~~] an agent of a person other than the
13 person who employs the agent or who has authorized the agent to
14 represent the person [~~designated in his permit application~~].

15 SECTION 135. Effective September 1, 2019, Section 36.08,
16 Alcoholic Beverage Code, is amended to read as follows:

17 Sec. 36.08. RESTRICTION AS TO SOURCE OF SUPPLY. A
18 nonresident seller's agent [~~manufacturer's agent's permittee~~] may
19 not represent a person with respect to an alcoholic beverage unless
20 the person represented is the primary American source of supply of
21 the beverage as defined in Section 37.10 [~~of this code~~].

22 SECTION 136. Section 37.01(b), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (b) The holder of a nonresident seller's permit who owns a
25 winery [~~or brewery~~] outside of the state may conduct samplings of
26 the kinds of alcoholic beverages the permit holder is authorized to
27 produce, including tastings, at a retailer's premises. An

1 employee of the winery [~~or brewery~~] may open, touch, or pour the
2 alcoholic beverages, make a presentation, or answer questions at a
3 sampling event.

4 SECTION 137. Effective September 1, 2019, Section 37.01(c),
5 Alcoholic Beverage Code, is amended to read as follows:

6 (c) Any alcoholic beverages used in a sampling event under
7 this section must be purchased from the retailer on whose premises
8 the sampling event is held. This section does not authorize the
9 holder of a nonresident seller's permit or the [~~manufacturer's~~
10 ~~agent's~~] permit holder's agent to withdraw or purchase alcoholic
11 beverages from the holder of a wholesaler's permit or provide
12 alcoholic beverages for a sampling event on a retailer's premises
13 that is not purchased from the retailer. The amount of alcoholic
14 beverages purchased from the retailer may not exceed the amount of
15 alcoholic beverages used in the sampling event.

16 SECTION 138. Effective September 1, 2019, the heading to
17 Chapter 38, Alcoholic Beverage Code, is amended to read as follows:

18 CHAPTER 38. INDUSTRIAL USE OF ALCOHOL [~~PERMIT~~]

19 SECTION 139. Effective September 1, 2019, Section 38.01,
20 Alcoholic Beverage Code, is amended to read as follows:

21 Sec. 38.01. AUTHORIZED ACTIVITIES. (a) In this section,
22 "industrial alcohol" means an alcohol that is produced for
23 industrial purposes only and is not fit for human consumption.

24 (b) A person may:

25 (1) manufacture, rectify, refine, transport, and
26 store industrial alcohol;

27 (2) denature industrial alcohol;

1 (3) sell denatured or industrial alcohol to qualified
2 persons inside or outside the state; and

3 (4) blend industrial alcohol with petroleum
4 distillates and sell or use the resulting product as a motor fuel.

5 (c) A person [~~The holder of an industrial permit~~] may
6 import, transport, and use alcohol or denatured alcohol for the
7 manufacture and sale of any of the following products:

8 (1) denatured alcohol;

9 (2) patent, proprietary, medicinal, pharmaceutical,
10 antiseptic, and toilet preparations;

11 (3) flavoring extracts, syrups, condiments, and food
12 products; and

13 (4) scientific, chemical, mechanical, and industrial
14 products, or products used for scientific, chemical, mechanical,
15 industrial, or medicinal purposes.

16 SECTION 140. Effective September 1, 2019, Section 38.05,
17 Alcoholic Beverage Code, is amended to read as follows:

18 Sec. 38.05. OTHER CODE PROVISIONS INAPPLICABLE. The [~~No~~]
19 provisions of this code do not [~~other than this chapter~~] apply to
20 alcohol intended for industrial, medicinal, mechanical, or
21 scientific purposes.

22 SECTION 141. Effective September 1, 2019, Section 38.06,
23 Alcoholic Beverage Code, is amended to read as follows:

24 Sec. 38.06. ACTIVITIES TAX FREE. The taxes imposed by this
25 code do not apply to activities authorized in Section 38.01 [~~of this~~
26 ~~code~~].

27 SECTION 142. Section 43.01, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 43.01. AUTHORIZED ACTIVITIES. [~~(a)~~] A warehouse or
3 transfer company that holds a local cartage permit may transport
4 liquor for hire inside the corporate limits of any city or town in
5 the state.

6 ~~[(b) A package store, wine only package store, or local~~
7 ~~distributor's permittee who also holds a local cartage permit may~~
8 ~~transfer alcoholic beverages in accordance with Sections 22.08,~~
9 ~~23.04, and 24.04 of this code.]~~

10 SECTION 143. Section 43.04, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 43.04. ELIGIBILITY FOR PERMIT. The commission may
13 issue a local cartage permit to a warehouse or transfer company [~~or~~
14 ~~to a holder of a package store, wine only package store, or local~~
15 ~~distributor's permit~~].

16 SECTION 144. Chapter 48, Alcoholic Beverage Code, is
17 amended to read as follows:

18 CHAPTER 48. PASSENGER TRANSPORTATION [~~TRAIN BEVERAGE~~] PERMIT

19 Sec. 48.01. AUTHORIZED ACTIVITIES. A [~~The holder of a~~
20 ~~passenger transportation permit authorizes the~~ [~~train beverage~~
21 ~~permit holder to sell or serve the types~~ [~~has the same rights with~~
22 ~~respect to the sale~~] of alcoholic beverages specifically authorized
23 by this chapter [~~on a passenger train to which this chapter applies~~
24 ~~as the holder of an airline beverage permit has with respect to the~~
25 ~~sale of alcoholic beverages on a commercial passenger airplane~~
26 ~~under Section 34.01 of this code~~].

27 Sec. 48.02. PERMIT FOR EXCURSION BOAT. (a) A passenger

1 transportation permit may be issued for:

2 (1) a regularly scheduled excursion boat which is
3 licensed by the United States Coast Guard to carry passengers on the
4 navigable waters of the state if the boat:

5 (A) carries at least 45 passengers;

6 (B) weighs at least 35 gross tons; and

7 (C) is at least 55 feet long; or

8 (2) a boat that:

9 (A) carries at least 350 passengers;

10 (B) weighs at least 90 gross tons; and

11 (C) is at least 80 feet long.

12 (b) The holder of a passenger transportation permit issued
13 under Subsection (a)(1) may sell the same alcoholic beverages as
14 the holder of a mixed beverage permit if:

15 (1) the home port of the boat is in an area where the
16 sale of mixed beverages is legal or the boat is regularly used for
17 voyages in international waters as provided by Subsection (h); and

18 (2) the owner or operator of the boat is the sole
19 permit holder for the boat.

20 (c) The holder of a passenger transportation permit issued
21 under Subsection (a)(1) may sell the same alcoholic beverages as
22 the holder of a wine and malt beverage retailer's permit if the home
23 port of the boat is in an area where the sale of malt beverages and
24 wine is legal.

25 (d) The holder of a passenger transportation permit issued
26 under Subsection (a)(2) may sell the same alcoholic beverages as
27 the holder of a mixed beverage permit if:

1 (1) the home port of the boat is in an area where the
2 sale of mixed beverages is legal; or

3 (2) the boat is regularly used for voyages in
4 international waters as provided by Subsection (h).

5 (e) A passenger transportation permit issued under this
6 section is inoperative in a dry area.

7 (f) For purposes of Section 11.38, the home port of the boat
8 is treated as the location of the permitted premises.

9 (g) The provisions of Section 109.53 that relate to
10 residency requirements and compliance with Texas laws of
11 incorporation do not apply to the holder of a passenger
12 transportation permit under this section.

13 (h) A passenger transportation permit may be issued under
14 this section to a boat regularly used for voyages in international
15 waters regardless of whether the sale of mixed beverages is lawful
16 in the area of the home port. A person having authority to deliver
17 alcoholic beverages to a passenger transportation permit holder in
18 the county where the permitted premises is located may deliver
19 alcoholic beverages purchased by the permit holder ~~[FEE.—The~~
20 ~~annual fee for a passenger train beverage permit is \$500].~~

21 Sec. 48.03. ~~[ELIGIBILITY FOR]~~ PERMIT FOR AIRLINE. (a) A
22 ~~[The commission or administrator may issue a]~~ passenger
23 transportation ~~[train beverage]~~ permit may be issued to any
24 corporation operating a commercial airline in or through the state.

25 (b) The holder of a passenger transportation permit issued
26 under this section may:

27 (1) sell or serve alcoholic beverages in or from any

1 size container on a commercial passenger airplane operated in
2 compliance with a valid license, permit, or certificate issued
3 under the authority of the United States or of this state, even
4 though the plane, in the course of its flight, may cross an area in
5 which the sale of alcoholic beverages is prohibited; and

6 (2) store alcoholic beverages in sealed containers of
7 any size at any airport regularly served by the permittee, in
8 accordance with rules and regulations promulgated by the
9 commission.

10 (c) Only the holder of a package store permit may sell
11 liquor to the holder of a passenger transportation permit issued
12 under this section. For the purposes of this code, a sale of liquor
13 to a holder of a passenger transportation permit shall be
14 considered as a sale at retail to a consumer.

15 (d) The holder of a package store permit may sell liquor in
16 any size container authorized by Section 101.46 to holders of a
17 passenger transportation permit issued under this section, and may
18 purchase liquor in any size container for resale from the holders of
19 a wholesaler's permit. A holder of a wholesaler's permit may
20 import, sell, offer for sale, or possess for resale to package store
21 permittees to resell to holders of a passenger transportation
22 permit liquor in any authorized size containers.

23 (e) The preparation and service of alcoholic beverages by
24 the holder of a passenger transportation permit issued under this
25 section is exempt from a tax imposed by this code and from the tax
26 imposed by Chapter 151, Tax Code.

27 (f) Section 109.53 does not apply to a passenger

1 transportation permit issued under this section.

2 Sec. 48.04. PERMIT FOR PASSENGER TRAIN. (a) A passenger
3 transportation permit may be issued to any corporation organized
4 under the Business Organizations Code or former Title 112, Revised
5 Statutes, or under the Rail Passenger Service Act of 1970, as
6 amended (45 U.S.C.A. Section 501 et seq.), operating a commercial
7 passenger train service in or through the state.

8 (b) The holder of a passenger transportation permit issued
9 under this section may sell or serve alcoholic beverages in or from
10 any size container on a passenger train even though the train, in
11 the course of its travel, may cross an area in which the sale of
12 alcoholic beverages is prohibited [~~Application and payment of the~~
13 ~~fee shall be made directly to the commission~~].

14 (c) [Sec. 48.04. EXEMPTION FROM TAXES.] The preparation
15 and service of alcoholic beverages by the holder of a passenger
16 transportation [~~train beverage~~] permit issued under this section is
17 exempt from a tax imposed by this code [~~chapter~~] and from the tax
18 imposed by Chapter 151, Tax Code.

19 (d) Section 109.53 does not apply to a passenger
20 transportation permit issued under this section.

21 Sec. 48.05. PERMIT FOR PASSENGER BUS. (a) A [~~INAPPLICABLE~~
22 ~~PROVISION. Section 109.53 of this code does not apply to a~~]
23 passenger transportation [~~train beverage~~] permit may be issued to
24 any corporation operating a commercial passenger bus service in or
25 through the state using a passenger bus that:

26 (1) is designed and used for the regularly scheduled
27 intercity transportation of passengers for compensation;

1 (2) is characterized by integral construction with:

2 (A) an elevated passenger deck over a baggage
3 compartment;

4 (B) a passenger seating capacity of at least 16
5 and not more than 36; and

6 (C) a separate galley area;

7 (3) is at least 35 feet in length; and

8 (4) while transporting passengers for compensation,
9 also transports an attendant who:

10 (A) is not the operator of the bus; and

11 (B) has attended a commission-approved seller
12 training program.

13 (b) The holder of a passenger transportation permit issued
14 under this section may:

15 (1) sell or serve alcoholic beverages in or from any
16 size container on a passenger bus even though the bus, in the course
17 of its drive, may cross an area in which the sale of alcoholic
18 beverages is prohibited; and

19 (2) store alcoholic beverages at the permitted
20 location.

21 (c) The preparation and service of alcoholic beverages by
22 the holder of a passenger transportation permit issued under this
23 section is exempt from a tax imposed by this code and from the tax
24 imposed by Chapter 151, Tax Code.

25 (d) Section 109.53 does not apply to a passenger
26 transportation permit issued under this section.

27 (e) Only a holder of a wholesale permit may sell liquor to

1 the holder of a passenger transportation permit issued under this
2 section. A sale of liquor to the holder of a passenger
3 transportation permit issued under this section shall be considered
4 as a sale at retail to a consumer.

5 SECTION 145. Section 50.001, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 50.001. AUTHORIZED ACTIVITIES. The holder of a
8 promotional permit may, on behalf of a distiller, brewer,
9 rectifier, or ~~[manufacturer,]~~ winery~~[, or wine bottler]~~ with whom
10 the promotional permit holder has entered into a contract for the
11 purposes of this chapter, engage in activities to promote and
12 enhance the sale of an alcoholic beverage in this state, including
13 activities that take place on the premises of the holder of a permit
14 or license under this code.

15 SECTION 146. The heading to Chapter 51, Alcoholic Beverage
16 Code, is amended to read as follows:

17 CHAPTER 51. OPERATION OF MINIBARS ~~[MINIBAR PERMIT]~~

18 SECTION 147. Section 51.02, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 51.02. AUTHORIZED ACTIVITIES. The holder of a mixed
21 beverage ~~[minibar]~~ permit issued for operation in a hotel may sell
22 the following alcoholic beverages out of a minibar:

23 (1) distilled spirits in containers of not less than
24 one ounce nor more than two ounces;

25 (2) wine and vinous liquors in containers of not more
26 than 13 fluid ounces; and

27 (3) ~~[beer, ale, and]~~ malt beverages ~~[liquor]~~ in

1 containers of not more than 12 fluid ounces.

2 SECTION 148. Section 51.03, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 51.03. LIMITED ACCESS TO MINIBAR. (a) Minibars shall
5 be of such design as to prevent access to alcoholic beverages to all
6 persons who do not have a minibar key. The minibar key shall be
7 different from the hotel guestroom key, and the mixed beverage
8 permittee may [~~shall~~] not provide the minibar key to any person who
9 is not of legal drinking age.

10 (b) A mixed beverage permittee may not provide a minibar key
11 to any person other than an employee of the permittee or a
12 registered guest of the hotel.

13 SECTION 149. Sections 51.04(a), (c), and (d), Alcoholic
14 Beverage Code, are amended to read as follows:

15 (a) All employees handling distilled spirits, wine, [~~beer,~~
16 ~~ale,~~] and malt beverages [~~liquor~~] being stocked in the minibar must
17 be at least 18 years of age.

18 (c) A minibar may only be maintained, serviced, or stocked
19 with alcoholic beverages by a person who is an employee of the
20 holder of a mixed beverage [~~minibar~~] permit, and no other person
21 shall be authorized to add alcoholic beverages to a minibar or, with
22 the exception of a registered hotel guest consumer, to remove
23 alcoholic beverages from a minibar.

24 (d) A mixed beverage permit [~~The~~] holder who operates [~~of~~]
25 minibar [~~permit~~] shall adhere to standards of quality and purity of
26 alcoholic beverages prescribed by the commission and shall destroy
27 any alcoholic beverages contained in a minibar on the date which is

1 considered by the manufacturer of the alcoholic beverage to be the
2 date the product becomes inappropriate for sale to a consumer.

3 SECTION 150. Section 51.06, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 51.06. PROHIBITED INTERESTS. The holder of a mixed
6 beverage permit who operates a minibar [~~permit~~] may not have a
7 direct or indirect interest in a package store permit, and a [~~no~~]
8 package store may not be located on the premises of a hotel in which
9 a mixed beverage permittee operates [~~holds~~] a minibar [~~permit~~].

10 SECTION 151. Section 51.07, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 51.07. MIXED BEVERAGE PERMIT IS PRIMARY. All
13 purchases made by a holder of a mixed beverage permit who operates a
14 minibar [~~permittee~~] shall be made under the authority of and
15 subject to the limitations imposed on the mixed beverage permit
16 held by the permittee. All sales [~~made by a minibar permittee~~]
17 shall, for tax purposes, be considered sales under the mixed
18 beverage permit held by the permittee and shall be taxed
19 accordingly. To ensure that the marketing of alcoholic beverages
20 for stocking minibars is not used by suppliers for purposes of
21 inducement or unauthorized or illegal advertising, it is further
22 provided that:

23 (1) No person who holds a permit or license
24 authorizing sale of any alcoholic beverage to mixed beverage
25 permittees may sell or offer to sell alcoholic beverages to the
26 mixed beverage [~~a minibar~~] permittee at a cost less than the
27 seller's laid-in cost plus the customary and normal profit margin

1 applicable to other container sizes. The laid-in cost shall be
2 defined as the manufacturer's or supplier's invoice price, plus all
3 applicable freight, taxes, and duties.

4 (2) Proof of laid-in cost shall become a part of the
5 permanent records of each permittee or licensee supplying alcoholic
6 beverages to a mixed beverage permittee who operates a minibar
7 [~~permittees~~] and be available for a period of two years for
8 inspection by the commission.

9 (3) No alcoholic beverages offered for use in a
10 minibar may be sold in connection with or conveyed as part of any
11 promotional program providing a discount on the purchase of any
12 other type, size, or brand of alcoholic beverage.

13 (4) Distilled spirits in containers with a capacity of
14 more than one but less than two fluid ounces must be invoiced
15 separately from any other alcoholic beverage, and the price must be
16 shown on the invoice.

17 (5) Distilled spirits in containers with a capacity of
18 more than one but less than two fluid ounces may not be returned by
19 the mixed beverage permit holder [~~of a minibar permit~~]. Neither may
20 the beverages be exchanged by the mixed beverage permit holder [~~of a~~
21 ~~minibar permit~~] or redeemed for any reason other than damage noted
22 at the time of delivery and approved by the commission. Claims for
23 breakage or shortage after delivery to a mixed beverage permit
24 holder who operates a minibar [~~permittee~~] shall not be allowed.

25 (6) No person holding a wholesaler's, local
26 distributor's, or package store permit may participate in the cost
27 of producing any room menu, beverage list, table tent, or any other

1 device or novelty, written or printed, relating to the sale of
2 distilled spirits in containers with a capacity of more than one but
3 less than two fluid ounces. No permittee or licensee authorized to
4 sell alcoholic beverages to a mixed beverage [~~minibar~~] permittee
5 who operates a minibar may pay for or contribute to the cost of
6 providing in-house television or radio announcements to be used by
7 any holder of a mixed beverage permit who operates a minibar
8 [~~permit~~] to promote the sale of alcoholic beverages.

9 SECTION 152. Sections 55.01(a), (b), and (c), Alcoholic
10 Beverage Code, are amended to read as follows:

11 (a) The holder of a manufacturer's agent's warehousing
12 permit may:

13 (1) receive [~~beer, ale, or~~] malt beverages [~~liquor~~]
14 from the holder of a nonresident brewer's [~~permit or nonresident~~
15 ~~manufacturer's~~] license and store the alcoholic beverages on the
16 permitted premises;

17 (2) ship, cause to be shipped, sell, and otherwise
18 transfer the [~~beer, ale, or~~] malt beverages [~~liquor~~] to licensed
19 [~~or permitted~~] distributors [~~and wholesalers~~] in this state and to
20 persons outside this state who are qualified to receive the [~~beer,~~
21 ~~ale, or~~] malt beverages [~~liquor~~] under the regulatory laws of the
22 state or other jurisdiction in which the [~~beer, ale, or~~] malt
23 beverages are [~~liquor is~~] received; and

24 (3) return [~~beer, ale, or~~] malt beverages [~~liquor~~] to
25 the [~~manufacturer or~~] brewer from which they were [~~it was~~]
26 originally received.

27 (b) The holder of a manufacturer's agent's warehousing

1 permit may ship only to [~~wholesalers and~~] distributors in this
 2 state who have been issued a territorial designation by the actual
 3 [~~manufacturer or~~] brewer of the brand or brands to be
 4 shipped. This territorial designation for the sale of malt
 5 beverages [~~beer~~] must be under and a part of the agreement entered
 6 into between the actual brewer [~~manufacturer~~] of the brand and the
 7 distributor under Subchapters C and D, Chapter 102. This chapter
 8 does not affect the requirement that the actual brewer
 9 [~~manufacturer~~], and the agreement between the actual brewer
 10 [~~manufacturer~~] and the distributor, comply with Subchapters C and
 11 D, Chapter 102.

12 (c) Malt beverages [~~Beer, ale, or malt liquor~~] received at
 13 premises permitted under this chapter that are [~~is~~] not labeled and
 14 approved for sale in this state may be held and stored at the
 15 premises and may be shipped from the premises if the malt beverages
 16 are [~~it is~~] consigned and transported to qualified persons in other
 17 states or jurisdictions where their [~~its~~] sale is legal.

18 SECTION 153. Section 55.03, Alcoholic Beverage Code, is
 19 amended to read as follows:

20 Sec. 55.03. ELIGIBILITY FOR PERMIT. A manufacturer's
 21 agent's warehousing permit may be issued to an entity:

22 (1) that receives [~~beer, ale, or~~] malt beverages
 23 [~~liquor~~] from another entity, or that other entity's immediate
 24 successor in interest, that:

25 (A) is located and chartered in the United
 26 Mexican States;

27 (B) has held, for the two years preceding the

1 date of the application:

2 (i) a nonresident manufacturer's license,
3 nonresident brewer's permit, and a nonresident seller's permit;

4 (ii) a nonresident brewer's license and a
5 nonresident seller's permit; or

6 (iii) a combination of Subparagraph (i) and
7 Subparagraph (ii) [~~for the two years preceding the date of the~~
8 application]; and

9 (C) during each of those two years has shipped or
10 caused to be shipped into this state for ultimate sale to qualified
11 distributors and wholesalers in this state at least one-half
12 million barrels of [~~beer, ale, or~~] malt beverages [~~liquor~~] of the
13 various brands manufactured or brewed by the entity; and

14 (2) whose employees, located in this state or
15 elsewhere, [~~hold permits and licenses issued under Chapters 36 and~~
16 ~~73 to~~] perform the activities authorized under Chapters 36 and 73
17 [~~those chapters~~] on behalf of the entity.

18 SECTION 154. Section 55.04, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 55.04. LOCATION OF PREMISES. The premises of a permit
21 holder under this chapter must be located in an area that is wet for
22 the sale of [~~beer, ale, and~~] malt beverages [~~liquor~~].

23 SECTION 155. Section 55.05, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 55.05. REPORTING REQUIREMENTS. The commission shall
26 require monthly reports from a permit holder under this chapter
27 showing the brands, types, sizes of containers, and quantities of

1 [~~beer, ale, or~~] malt beverages [~~liquor~~] received at and shipped
2 from the premises to persons authorized to receive them. The
3 reports must conform in all respects to the requirements and forms
4 prescribed by the commission and contain any other information
5 required by the commission.

6 SECTION 156. Section 56.02, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 56.02. QUALIFICATIONS FOR PERMIT; ELIGIBLE PREMISES.

9 (a) A water park permit may be issued only to a person who:

10 (1) holds a wine and malt beverage [~~beer~~] retailer's
11 permit under Chapter 25; and

12 (2) operates a public venue that:

13 (A) involves waterslides, food service, music,
14 and amusement activities; and

15 (B) is located primarily along the banks of the
16 Comal River.

17 (b) A person described by Subsection (a) may be issued water
18 park permits for not more than five premises:

19 (1) for which wine and malt beverage [~~beer~~] retailer's
20 permits have been issued under Chapter 25; and

21 (2) that are located:

22 (A) in the public venue described in Subsection
23 (a)(2); or

24 (B) not more than one mile from the boundary of
25 that venue.

26 SECTION 157. Section 56.04, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 56.04. APPLICABILITY OF OTHER LAW. Except as
2 otherwise provided in this chapter, the provisions of this code
3 applicable to a wine and malt beverage [~~beer~~] retailer's permit
4 apply to a water park permit.

5 SECTION 158. Section 61.01, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 61.01. LICENSE REQUIRED. A [~~No~~] person may not
8 [~~manufacture or~~] brew malt beverages [~~beer~~] for the purpose of
9 sale, import malt beverages [~~it~~] into this state, distribute or
10 sell malt beverages [~~it~~], or possess malt beverages [~~it~~] for the
11 purpose of sale without having first obtained an appropriate
12 license or permit as provided in this code. Each licensee shall
13 display the [~~his~~] license at all times in a conspicuous place at the
14 licensed place of business.

15 SECTION 159. Sections 61.03(a) and (b), Alcoholic Beverage
16 Code, are amended to read as follows:

17 (a) Except as provided by Subsections (d) and (e) or another
18 provision of this code, any license except a branch[~~, importer's,~~
19 ~~importer's carrier's, or temporary~~] license expires on the second
20 anniversary of the date on which it is issued. [~~Notwithstanding~~
21 ~~Section 5.50(b), the commission shall require double the amount of~~
22 ~~fees and surcharges otherwise applicable under this code for a~~
23 ~~license with a two-year term.]~~

24 (b) A secondary license or certificate which requires the
25 holder of the license or certificate to first obtain another
26 license, including a retailer late hours certificate [~~license or~~
27 ~~temporary license~~], expires on the same date the basic or primary

1 license expires. The commission may not prorate or refund any part
2 of the fee for the secondary license or certificate if the
3 application of this section results in the expiration of the
4 license in less than two years.

5 SECTION 160. Section 61.05, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 61.05. NAME OF BUSINESS. A ~~No~~ person may not conduct
8 a business engaged in the brewing ~~[manufacture]~~, distribution,
9 importation, or sale of malt beverages ~~[beer]~~ as owner or part owner
10 except under the name to which the license covering the person's
11 ~~[his]~~ place of business is issued.

12 SECTION 161. Section 61.06, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 61.06. PRIVILEGES LIMITED TO LICENSED PREMISES;
15 DELIVERIES. A ~~No~~ person licensed to sell malt beverages ~~[beer]~~,
16 other than ~~[except]~~ a brewer ~~[manufacturer]~~ or distributor, may not
17 use or display a license or exercise a privilege granted by the
18 license except at the licensed premises. Deliveries of malt
19 beverages ~~[beer]~~ and collections may be made off the licensed
20 premises in areas where the sale of malt beverages ~~[beer]~~ is legal
21 inside the county where the license is issued, but only in response
22 to orders placed by the customer in person at the licensed premises
23 or by mail or telephone to the licensed premises.

24 SECTION 162. Section 61.07, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 61.07. AGENT FOR SERVICE. Each brewer ~~[manufacturer]~~,
27 distributor, or person shipping or delivering malt beverages ~~[beer]~~

1 into this state shall file a certificate with the secretary of state
2 designating the name, street address, and business of the person's
3 ~~[his]~~ agent on whom process may be served. If a certificate is not
4 filed, service may be had on the secretary of state in any cause of
5 action arising out of a violation of this code, and the secretary of
6 state shall send any citation served on the secretary ~~[him]~~ by
7 registered mail, return receipt requested, to the person for whom
8 the citation is intended. The receipt is prima facie evidence of
9 service on the person.

10 SECTION 163. Effective December 31, 2020, Section 61.09,
11 Alcoholic Beverage Code, is amended to read as follows:

12 Sec. 61.09. CHANGE OF LOCATION. If a licensee desires to
13 change the licensee's place of business, the licensee may do so by
14 applying to the commission on a form prescribed by the commission
15 and obtaining the commission's consent. The application may be
16 subject to protest and hearing in the same way as an application for
17 an original license. ~~[In the case of a required protest hearing,~~
18 ~~the county judge may deny the application for any cause for which an~~
19 ~~original license application may be denied.]~~ No additional license
20 fee for the unexpired term of the license shall be required in the
21 case of an application for a change of location.

22 SECTION 164. Section 61.111(a), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (a) The commission by rule shall require the holder of a
25 license authorizing the sale of malt beverages ~~[beer]~~ for
26 on-premises consumption to display a warning sign on the door to
27 each restroom on the licensed premises that informs the public of

1 the risks of drinking alcohol during pregnancy.

2 SECTION 165. Section 61.12, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 61.12. RESTRICTION ON CONSUMPTION. A [~~No~~] licensee
5 other than [~~except~~] a holder of a license authorizing on-premises
6 consumption of malt beverages [~~beer~~] may not permit malt beverages
7 [~~beer~~] to be consumed on the premises where they are [~~it is~~] sold.

8 SECTION 166. (a) Effective December 31, 2020, Section
9 61.31, Alcoholic Beverage Code, is amended to read as follows:

10 Sec. 61.31. APPLICATION FOR LICENSE. (a) A person may file
11 an application for a license to manufacture, distribute, store, or
12 sell beer with the commission on forms prescribed by the
13 commission.

14 (b) On receipt of an application for a license under this
15 code, the commission [~~or administrator~~] shall follow the procedure
16 under Section 11.43 [~~determine whether a protest has been filed~~
17 ~~against the application. If a protest against the application has~~
18 ~~been filed, the commission or administrator shall investigate the~~
19 ~~protest. If the commission or administrator finds that no~~
20 ~~reasonable grounds exist for the protest, or if no protest has been~~
21 ~~filed, the commission or administrator shall issue a license if the~~
22 ~~commission or administrator finds that all facts stated in the~~
23 ~~application are true and no legal ground to refuse a license exists.~~
24 ~~If the commission or administrator finds that reasonable grounds~~
25 ~~exist for the protest, the commission or administrator shall reject~~
26 ~~the protested application and require the applicant to file the~~
27 ~~application with the county judge of the county in which the~~

1 ~~applicant desires to conduct business and submit to a hearing].~~

2 ~~[(b) The county judge shall set a protested application for~~
3 ~~a hearing to be held not less than 5 nor more than 10 days after the~~
4 ~~date the county judge receives the protested application.]~~

5 (c) Each applicant for an original license [~~, other than a~~
6 ~~branch or temporary license,~~] shall pay [~~a hearing fee of \$25 to the~~
7 ~~county clerk at the time of the hearing. The county clerk shall~~
8 ~~deposit the fee in the county treasury. The applicant is liable for~~
9 ~~no other fee except]~~ the annual license fee prescribed by this code.

10 (d) A [~~No~~] person may not sell beer during the pendency of
11 the person's [~~his~~] original license application. An [~~No~~] official
12 may not advise a person to the contrary.

13 (b) Effective September 1, 2021, Section [61.31](#), Alcoholic
14 Beverage Code, is amended to read as follows:

15 Sec. 61.31. APPLICATION FOR LICENSE. (a) A person may file
16 an application for a license to manufacture, distribute, store, or
17 sell malt beverages [~~beer~~] with the commission on forms prescribed
18 by the commission.

19 (b) On receipt of an application for a license under this
20 code, the commission [~~or administrator~~] shall follow the procedure
21 under Section [11.43](#) [~~determine whether a protest has been filed~~
22 ~~against the application. If a protest against the application has~~
23 ~~been filed, the commission or administrator shall investigate the~~
24 ~~protest. If the commission or administrator finds that no~~
25 ~~reasonable grounds exist for the protest, or if no protest has been~~
26 ~~filed, the commission or administrator shall issue a license if the~~
27 ~~commission or administrator finds that all facts stated in the~~

1 ~~application are true and no legal ground to refuse a license exists.~~
2 ~~If the commission or administrator finds that reasonable grounds~~
3 ~~exist for the protest, the commission or administrator shall reject~~
4 ~~the protested application and require the applicant to file the~~
5 ~~application with the county judge of the county in which the~~
6 ~~applicant desires to conduct business and submit to a hearing].~~

7 ~~[(b) The county judge shall set a protested application for~~
8 ~~a hearing to be held not less than 5 nor more than 10 days after the~~
9 ~~date the county judge receives the protested application.]~~

10 (c) Each applicant for an original license~~[, other than a~~
11 ~~branch or temporary license,]~~ shall pay ~~[a hearing fee of \$25 to the~~
12 ~~county clerk at the time of the hearing. The county clerk shall~~
13 ~~deposit the fee in the county treasury. The applicant is liable for~~
14 ~~no other fee except]~~ the ~~[annual]~~ license fee authorized by
15 commission rule ~~[prescribed by this code].~~

16 (d) A ~~[No]~~ person may not sell malt beverages ~~[beer]~~ during
17 the pendency of the person's ~~[his]~~ original license application.
18 An ~~[No]~~ official may not advise a person to the contrary.

19 SECTION 167. Effective December 31, 2020, Subchapter B,
20 Chapter 61, Alcoholic Beverage Code, is amended by adding Sections
21 61.313 and 61.314 to read as follows:

22 Sec. 61.313. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
23 of the public may protest an application for:

24 (1) an original retail dealer's on-premise license if
25 a sexually oriented business is to be operated on the premises to be
26 covered by the license;

27 (2) any renewal of a retail dealer's on-premise

1 license if a sexually oriented business is to be operated on the
2 premises to be covered by the license and a petition is presented to
3 the commission that is signed by 50 percent of the residents who
4 reside within 300 feet of any property line of the affected
5 premises; or

6 (3) a license authorizing the retail sale of malt
7 beverages for on-premises consumption if the person resides within
8 300 feet of any property line of the premises for which the license
9 is sought.

10 (b) In addition to the situations described by Subsection
11 (a), the commission by rule may authorize a member of the public to
12 protest other license applications the commission considers
13 appropriate.

14 (c) A protest made under this section must include an
15 allegation of grounds on which the original or renewal application,
16 as applicable, should be denied.

17 Sec. 61.314. PROTEST BY GOVERNMENT OFFICIAL. (a) The
18 following persons may protest an application for an alcoholic
19 beverage license:

20 (1) the state senator, state representative, county
21 commissioner, and city council member who represent the area in
22 which the premises sought to be licensed are located;

23 (2) the commissioners court of the county in which the
24 premises sought to be licensed are located;

25 (3) the county judge of the county in which the
26 premises sought to be licensed are located;

27 (4) the sheriff or county or district attorney of the

1 county in which the premises sought to be licensed are located;

2 (5) the mayor of the city or town in which the premises
3 sought to be licensed are located; and

4 (6) the chief of police, city marshal, or city
5 attorney of the city or town in which the premises sought to be
6 permitted are located.

7 (b) The commission may give due consideration to the
8 recommendations of a person listed under Subsection (a) when
9 evaluating an application for a license under this code.

10 SECTION 168. Effective December 31, 2020, Section 61.34(d),
11 Alcoholic Beverage Code, is amended to read as follows:

12 (d) A person appealing from an order denying a license
13 ~~[under this section]~~ shall give bond for all costs incident to the
14 appeal and shall be required to pay those costs if the judgment on
15 appeal is unfavorable to the applicant, but not otherwise. A [No]
16 bond is not required on appeals filed on behalf of the state.

17 SECTION 169. Sections 61.35(a) and (b), Alcoholic Beverage
18 Code, are amended to read as follows:

19 (a) A separate license fee is required for each place of
20 business that brews ~~[manufactures]~~, imports, or sells malt
21 beverages ~~[beer]~~.

22 (b) All license fees~~[, except those for temporary~~
23 ~~licenses,~~] shall be deposited as provided in Section 205.02. Each
24 license application must be accompanied by a cashier's check, a
25 teller's check, a check drawn on the account of a corporation
26 applying for a license or on the account of a corporation that is an
27 agent for the person applying for a license, a money order, or

1 payment by credit card, charge card, or other electronic form of
2 payment approved by commission rule for the amount of the state fee,
3 payable to the order of the comptroller.

4 SECTION 170. Section 61.36(a), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (a) The governing body of an incorporated city or town may
7 levy and collect a fee not to exceed one-half of the state fee for
8 each license[~~, except a temporary or agent's beer license,~~] issued
9 for premises located within the city or town. The commissioners
10 court of a county may levy and collect a fee equal to one-half the
11 state fee for each license[~~, except a temporary or agent's beer
12 license,~~] issued for premises located within the county. Those
13 authorities may not levy or collect any other fee or tax from the
14 licensee except general ad valorem taxes, the hotel occupancy tax
15 levied under Chapter 351, Tax Code, and the local sales and use tax
16 levied under Chapter 321, Tax Code.

17 SECTION 171. Effective December 31, 2020, Section 61.36(d),
18 Alcoholic Beverage Code, is amended to read as follows:

19 (d) The commission or administrator may cancel or the
20 commission may deny an application for a license for the retail sale
21 of alcoholic beverages, including a license held by the holder of a
22 food and beverage certificate, if it finds that the license holder
23 or applicant has not paid delinquent ad valorem taxes due on that
24 licensed premises or due from a business operated on that premises
25 to any taxing authority in the county of the premises. For purposes
26 of this subsection, a license holder or applicant is presumed
27 delinquent in the payment of taxes due if the license holder or

1 applicant:

2 (1) is placed on a delinquent tax roll prepared under
3 Section 33.03, Tax Code;

4 (2) has received a notice of delinquency under Section
5 33.04, Tax Code; and

6 (3) has not made a payment required under Section
7 42.08, Tax Code.

8 SECTION 172. Effective September 1, 2019, Sections 61.37(a)
9 and (b), Alcoholic Beverage Code, are amended to read as follows:

10 (a) The county clerk of the county in which an application
11 for a license is made shall certify whether the location or address
12 given in the application is in a wet area and whether the sale of
13 alcoholic beverages for which the license is sought is prohibited
14 by any valid order of the commissioners court. The county clerk
15 shall issue the certification not later than the 30th day after the
16 date the county clerk receives the application for certification.

17 (b) The city secretary or clerk of the city in which an
18 application for a license is made shall certify whether the
19 location or address given in the application is in a wet area and
20 whether the sale of alcoholic beverages for which the license is
21 sought is prohibited by charter or ordinance. The city secretary or
22 clerk of the city shall issue the certification not later than the
23 30th day after the date the city secretary or clerk of the city
24 receives the application for certification.

25 SECTION 173. Section 61.38(a), Alcoholic Beverage Code, is
26 amended to read as follows:

27 (a) Every original applicant for a license to brew

1 ~~[manufacture]~~, distribute, or sell malt beverages ~~[beer]~~ at retail
2 shall give notice of the application by electronic or nonelectronic
3 publication at the applicant's own expense in two consecutive
4 issues of a newspaper of general circulation published in the city
5 or town in which the applicant's place of business is located. If
6 no newspaper is published in that city or town, the notice must be
7 published in a newspaper of general circulation published in the
8 county where the applicant's business is located. If no newspaper
9 is published in that county, the notice must be published in a
10 qualified newspaper published in the closest neighboring county and
11 circulated in the county where the applicant's business is located.

12 SECTION 174. Effective September 1, 2019, Section
13 61.381(c), Alcoholic Beverage Code, is amended to read as follows:

14 (c) This section does not apply to an applicant for a
15 license issued under Chapter 64, ~~[65]~~ 66, or 71.

16 SECTION 175. Section 61.382(a), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (a) Except as provided by Subsection (b), a person who
19 submits an original application for a license authorizing the
20 retail sale of malt beverages ~~[beer]~~ for on-premises consumption
21 shall give written notice of the application to each residential
22 address and established neighborhood association located within
23 300 feet of any property line of the premises for which the license
24 is sought.

25 SECTION 176. (a) Effective December 31, 2020, Section
26 61.41(c), Alcoholic Beverage Code, is amended to read as follows:

27 (c) If the holder of the existing license has made a

1 declaration required by the commission that the license holder will
2 no longer use the license, the license holder may not manufacture or
3 sell beer or possess it for the purpose of sale until the license
4 has been reinstated. The holder may apply to the commission for the
5 reinstatement of the license in the same manner and according to the
6 same procedure as in the case of an original license application.
7 The ~~[county judge or the]~~ commission ~~[or administrator]~~ may deny
8 reinstatement of the license for any cause for which an original
9 license application may be denied.

10 (b) Effective September 1, 2021, Sections 61.41(c) and (d),
11 Alcoholic Beverage Code, are amended to read as follows:

12 (c) If the holder of the existing license has made a
13 declaration required by the commission that the license holder will
14 no longer use the license, the license holder may not brew
15 ~~[manufacture]~~ or sell malt beverages ~~[beer]~~ or possess malt
16 beverages ~~[it]~~ for the purpose of sale until the license has been
17 reinstated. The holder may apply to the commission for the
18 reinstatement of the license in the same manner and according to the
19 same procedure as in the case of an original license application.
20 The ~~[county judge or the]~~ commission ~~[or administrator]~~ may deny
21 reinstatement of the license for any cause for which an original
22 license application may be denied.

23 (d) Notwithstanding Subsection (a) and Sections 11.49 and
24 109.53, more than one brewer's ~~[manufacturer's]~~ or nonresident
25 brewer's ~~[manufacturer's]~~ license may be issued for a single
26 premises if the license holder for the premises has contracted with
27 an entity under an alternating brewery proprietorship or contract

1 brewing arrangement.

2 SECTION 177. (a) Effective September 1, 2019, Section
3 61.42(a), Alcoholic Beverage Code, is amended to read as follows:

4 (a) The county judge shall refuse to approve an application
5 for a license as a distributor or retailer if the county judge [~~he~~]
6 has reasonable grounds to believe and finds that:

7 (1) the applicant is a minor;

8 (2) the applicant is indebted to the state for any
9 taxes, fees, or penalties imposed by this code or by rule of the
10 commission;

11 (3) the place or manner in which the applicant for a
12 retail dealer's license may conduct the applicant's [~~his~~] business
13 warrants a refusal of the application for a license based on the
14 general welfare, health, peace, morals, safety, and sense of
15 decency of the people;

16 (4) the applicant has developed an incapacity that
17 prevents or could prevent the applicant from conducting the
18 applicant's business with reasonable skill, competence, and safety
19 to the public [~~is in the habit of using alcoholic beverages to~~
20 ~~excess or is mentally or physically incompetent~~];

21 (5) the applicant is not a United States citizen or has
22 not been a citizen of Texas for a period of one year immediately
23 preceding the filing of the applicant's [~~his~~] application, unless
24 the applicant [~~he~~] was issued an original or renewal license on or
25 before September 1, 1948;

26 (6) the applicant was finally convicted of a felony
27 during the five years immediately preceding the filing of the

1 applicant's [~~his~~] application;

2 (7) the applicant is not of good moral character or the
3 applicant's [~~his~~] reputation for being a peaceable, law-abiding
4 citizen in the community where the applicant [~~he~~] resides is bad; or

5 (8) as to a corporation, it is not incorporated under
6 the laws of this state, or at least 51 percent of the corporate
7 stock is not owned at all times by persons who individually are
8 qualified to obtain a license, except that this subdivision does
9 not apply to a holder of any renewal of a distributor's license
10 which was in effect on January 1, 1953[~~, or to an applicant for a~~
11 ~~beer retailer's on-premise license for a railway car~~].

12 (b) Effective December 31, 2020, Section 61.42, Alcoholic
13 Beverage Code, is amended to read as follows:

14 Sec. 61.42. MANDATORY GROUNDS FOR DENIAL [~~REFUSAL~~]:
15 DISTRIBUTOR OR RETAILER. (a) The commission [~~county judge~~] shall
16 deny [~~refuse to approve~~] an application for a license as a
17 distributor or retailer if the commission [~~he~~] has reasonable
18 grounds to believe and finds that:

19 (1) the applicant is a minor;

20 (2) the applicant is indebted to the state for any
21 taxes, fees, or penalties imposed by this code or by rule of the
22 commission;

23 (3) the place or manner in which the applicant for a
24 retail dealer's license may conduct the applicant's [~~his~~] business
25 warrants a denial [~~refusal~~] of the application for a license based
26 on the general welfare, health, peace, morals, safety, and sense of
27 decency of the people;

1 (4) the applicant has developed an incapacity that
2 prevents or could prevent the applicant from conducting the
3 applicant's business with reasonable skill, competence, and safety
4 to the public [~~is in the habit of using alcoholic beverages to~~
5 ~~excess or is mentally or physically incompetent~~];

6 (5) the applicant is not a United States citizen or has
7 not been a citizen of Texas for a period of one year immediately
8 preceding the filing of the applicant's [~~his~~] application, unless
9 the applicant [~~he~~] was issued an original or renewal license on or
10 before September 1, 1948;

11 (6) the applicant was finally convicted of a felony
12 during the five years immediately preceding the filing of the
13 applicant's [~~his~~] application;

14 (7) the applicant is not of good moral character or the
15 applicant's [~~his~~] reputation for being a peaceable, law-abiding
16 citizen in the community where the applicant [~~he~~] resides is bad; or

17 (8) as to a corporation, it is not incorporated under
18 the laws of this state, or at least 51 percent of the corporate
19 stock is not owned at all times by persons who individually are
20 qualified to obtain a license, except that this subdivision does
21 not apply to a holder of any renewal of a distributor's license
22 which was in effect on January 1, 1953[~~, or to an applicant for a~~
23 ~~beer retailer's on-premise license for a railway car~~].

24 (b) The [~~county judge,~~] commission[~~, or administrator~~]
25 shall deny an application for [~~refuse to approve or issue~~] an
26 original retail dealer's or retail dealer's on-premise license
27 unless the applicant for the license files with the application a

1 certificate issued by the comptroller of public accounts stating
2 that the applicant holds, or has applied for and satisfies all legal
3 requirements for the issuance of, a sales tax permit for the place
4 of business for which the license is sought.

5 (c) The [~~county judge,~~] commission[~~, or administrator~~]
6 shall deny [~~refuse to approve or issue~~] for a period of one year an
7 application for a retail dealer's on-premise license or a wine and
8 beer retailer's permit for a premises where a license or permit has
9 been canceled during the preceding 12 months as a result of a
10 shooting, stabbing, or other violent act, or as a result of an
11 offense involving drugs, prostitution, or trafficking of persons.

12 (d) The [~~county judge,~~] commission[~~, or administrator~~]
13 shall deny an application for [~~refuse to approve or issue~~] a license
14 of [~~to~~] a person convicted of an offense under Section 101.76 for a
15 period of five years from the date of the conviction.

16 (c) Effective September 1, 2021, Section 61.42(c),
17 Alcoholic Beverage Code, is amended to read as follows:

18 (c) The [~~county judge,~~] commission[~~, or administrator~~]
19 shall deny [~~refuse to approve or issue~~] for a period of one year an
20 application for a retail dealer's on-premise license or a wine and
21 malt beverage [~~beer~~] retailer's permit for a premises where a
22 license or permit has been canceled during the preceding 12 months
23 as a result of a shooting, stabbing, or other violent act, or as a
24 result of an offense involving drugs, prostitution, or trafficking
25 of persons.

26 SECTION 178. Effective December 31, 2020, the heading to
27 Section 61.421, Alcoholic Beverage Code, is amended to read as

1 follows:

2 Sec. 61.421. DENIAL [~~REFUSAL~~] OF LICENSE AUTHORIZING
3 ON-PREMISES CONSUMPTION.

4 SECTION 179. Effective December 31, 2020, Section
5 61.421(b), Alcoholic Beverage Code, is amended to read as follows:

6 (b) The commission [~~or administrator, with or without a~~
7 ~~hearing, or the county judge,~~] shall deny an application for
8 [~~refuse to issue or approve~~] an original or renewal license
9 authorizing on-premises consumption of alcoholic beverages if the
10 commission[~~, administrator, or county judge~~] has reasonable
11 grounds to believe and finds that, during the three years preceding
12 the date the license application was filed, a license or permit
13 previously held under this code by the applicant, a person who owns
14 the premises for which the license is sought, or an officer of a
15 person who owns the premises for which the license is sought was
16 canceled or not renewed as a result of a shooting, stabbing, or
17 other violent act.

18 SECTION 180. Section 61.421(c), Alcoholic Beverage Code, is
19 amended to read as follows:

20 (c) This section does not apply to the issuance of an
21 original or renewal license authorizing on-premises consumption
22 for a location that holds a food and beverage certificate but does
23 not hold a retailer late hours certificate [~~license~~].

24 SECTION 181. Effective December 31, 2020, Section 61.43,
25 Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 61.43. DISCRETIONARY GROUNDS FOR DENIAL
27 [~~REFUSAL~~]: DISTRIBUTOR OR RETAILER. The commission [~~county~~

1 judge] may deny [~~refuse to approve~~] an application for a license as
2 a distributor or retailer if the commission [~~county judge~~] has
3 reasonable grounds to believe and finds that:

4 (1) the applicant has been finally convicted in a
5 court of competent jurisdiction for the violation of a provision of
6 this code during the two years immediately preceding the filing of
7 an application;

8 (2) five years has not elapsed since the termination,
9 by pardon or otherwise, of a sentence imposed for conviction of a
10 felony;

11 (3) the applicant has violated or caused to be
12 violated a provision of this code or a rule or regulation of the
13 commission, for which a suspension was not imposed, during the
14 12-month period immediately preceding the filing of an application;

15 (4) the applicant failed to answer or falsely or
16 incorrectly answered a question in an original or renewal
17 application;

18 (5) the applicant for a retail dealer's license does
19 not have an adequate building available at the address for which the
20 license is sought before conducting any activity authorized by the
21 license;

22 (6) the applicant or a person with whom the applicant
23 is residentially domiciled had an interest in a license or permit
24 which was cancelled or revoked within the 12-month period
25 immediately preceding the filing of an application;

26 (7) the applicant failed or refused to furnish a true
27 copy of the application to the commission's district office in the

1 district in which the premises sought to be licensed are located;

2 (8) the applicant for a retail dealer's license will
3 conduct business in a manner contrary to law or in a place or manner
4 conducive to a violation of the law; or

5 (9) the place, building, or premises for which the
6 license is sought was used for selling alcoholic beverages in
7 violation of the law at any time during the six months immediately
8 preceding the filing of the application or was used, operated, or
9 frequented during that time for a purpose or in a manner which was
10 lewd, immoral, offensive to public decency, or contrary to this
11 code.

12 SECTION 182. (a) Effective December 31, 2020, Section
13 61.44, Alcoholic Beverage Code, is amended to read as follows:

14 Sec. 61.44. DENIAL [~~REFUSAL~~] OF DISTRIBUTOR'S OR RETAILER'S
15 LICENSE: PROHIBITED INTERESTS. (a) The commission [~~county judge~~]
16 may deny [~~refuse to approve~~] an application for a license as a
17 distributor or retailer if the commission [~~he~~] has reasonable
18 grounds to believe and finds that:

19 (1) the applicant has a financial interest in an
20 establishment authorized to sell distilled spirits, except as
21 authorized in Section 22.06, 24.05, or 102.05 [~~of this code~~];

22 (2) a person engaged in the business of selling
23 distilled spirits has a financial interest in the business to be
24 conducted under the license sought by the applicant, except as
25 authorized in Section 22.06, 24.05, or 102.05 [~~of this code~~]; or

26 (3) the applicant is residentially domiciled with a
27 person who has a financial interest in an establishment engaged in

1 the business of selling distilled spirits, except as authorized in
2 Section [22.06](#), [24.05](#), or [102.05](#) [~~of this code~~].

3 (b) The commission [~~county judge~~] may deny [~~refuse to~~
4 ~~approve~~] an application for a retail dealer's license if the
5 commission [~~he~~] has reasonable grounds to believe and finds that:

6 (1) the applicant has a real interest in the business
7 or premises of the holder of a manufacturer's or distributor's
8 license; or

9 (2) the premises sought to be licensed are owned in
10 whole or part by the holder of a manufacturer's or distributor's
11 license.

12 (b) Effective September 1, 2021, Section [61.44\(b\)](#),
13 Alcoholic Beverage Code, is amended to read as follows:

14 (b) The commission [~~county judge~~] may deny [~~refuse to~~
15 ~~approve~~] an application for a retail dealer's license if the
16 commission [~~he~~] has reasonable grounds to believe and finds that:

17 (1) the applicant has a real interest in the business
18 or premises of the holder of a brewer's [~~manufacturer's~~] or
19 distributor's license; or

20 (2) the premises sought to be licensed are owned in
21 whole or part by the holder of a brewer's [~~manufacturer's~~] or
22 distributor's license.

23 SECTION 183. (a) Effective December 31, 2020, Section
24 [61.45](#), Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 61.45. DENIAL [~~REFUSAL~~] OF RETAILER'S OR DISTRIBUTOR'S
26 LICENSE: PROHIBITED INTEREST IN PREMISES. (a) The commission
27 [~~county judge~~] may deny [~~refuse to approve~~] an application for a

1 retail dealer's license if the commission [~~he~~] has reasonable
2 grounds to believe and finds that:

3 (1) the applicant owns or has an interest in the
4 premises covered by a manufacturer's or distributor's license; or

5 (2) the holder of a manufacturer's or distributor's
6 license owns or has an interest in the premises sought to be
7 licensed.

8 (b) The commission [~~county judge~~] may deny [~~refuse to~~
9 ~~approve~~] an application for a distributor's license if the
10 commission [~~he~~] has reasonable grounds to believe and finds that:

11 (1) the applicant owns or has an interest in the
12 premises covered by a retail dealer's license; or

13 (2) a holder of a retail dealer's license owns or has
14 an interest in the premises sought to be licensed.

15 (b) Effective September 1, 2021, Section 61.45(a),
16 Alcoholic Beverage Code, is amended to read as follows:

17 (a) The commission [~~county judge~~] may deny [~~refuse to~~
18 ~~approve~~] an application for a retail dealer's license if the
19 commission [~~he~~] has reasonable grounds to believe and finds that:

20 (1) the applicant owns or has an interest in the
21 premises covered by a brewer's [~~manufacturer's~~] or distributor's
22 license; or

23 (2) the holder of a brewer's [~~manufacturer's~~] or
24 distributor's license owns or has an interest in the premises
25 sought to be licensed.

26 SECTION 184. The heading to Section 61.46, Alcoholic
27 Beverage Code, is amended to read as follows:

1 Sec. 61.46. BREWER'S [~~MANUFACTURER'S~~] LICENSE: GROUNDS FOR
2 DENIAL [~~REFUSAL~~].

3 SECTION 185. Section 61.46(a), Alcoholic Beverage Code, is
4 amended to read as follows:

5 (a) This section applies to any applicant for a brewer's
6 [~~manufacturer's~~] license, including a domestic corporation or
7 foreign corporation qualified to do business in Texas,
8 administrator or executor, or other person. This section does not
9 apply to a holder of a subsequent renewal of a [~~manufacturer's~~]
10 license which was in effect on January 1, 1953, that authorized the
11 license holder to manufacture a type of malt beverage.

12 SECTION 186. (a) Effective December 31, 2020, Section
13 61.46(b), Alcoholic Beverage Code, is amended to read as follows:

14 (b) The commission [~~county judge~~] shall deny [~~refuse to~~
15 ~~approve~~] an application for a manufacturer's license if the
16 commission [~~he~~] has reasonable grounds to believe and finds that
17 the applicant has failed to state under oath that it will engage in
18 the business of brewing and packaging beer in this state within
19 three years after the issuance of its original license in
20 sufficient quantities as to make its operation that of a bona fide
21 brewing manufacturer.

22 (b) Effective September 1, 2021, Section 61.46(b),
23 Alcoholic Beverage Code, is amended to read as follows:

24 (b) The commission [~~county judge~~] shall deny [~~refuse to~~
25 ~~approve~~] an application for a brewer's [~~manufacturer's~~] license if
26 the commission [~~he~~] has reasonable grounds to believe and finds
27 that the applicant has failed to state under oath that it will

1 engage in the business of brewing and packaging malt beverages
2 [~~beer~~] in this state within three years after the issuance of its
3 original license in sufficient quantities as to make its operation
4 that of a bona fide brewer [~~brewing manufacturer~~].

5 SECTION 187. Effective December 31, 2020, Section 61.48,
6 Alcoholic Beverage Code, is amended to read as follows:

7 Sec. 61.48. RENEWAL APPLICATION. An application to renew a
8 license shall be filed with the commission not [~~no~~] earlier than the
9 30th day [~~30 days~~] before the date the license expires but not after
10 it expires. The application shall be signed by the applicant and
11 shall contain complete information required by the commission
12 showing that the applicant is not disqualified from holding a
13 license. The application shall be accompanied by the appropriate
14 license fee. An [~~No~~] applicant for a renewal may not be required to
15 pay any fee other than license fees and the filing fee [~~unless the~~
16 ~~applicant is required by the commission or administrator to submit~~
17 ~~to a renewal hearing before the county judge~~].

18 SECTION 188. Effective December 31, 2020, Section 61.49,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 61.49. ACTION ON RENEWAL APPLICATION BY COMMISSION;
21 REFUND OF FEE. When the renewal application has been filed in
22 accordance with Section 61.48, the commission shall follow the
23 procedure under [~~or administrator may in its discretion issue a~~
24 ~~renewal license or if an application for a renewal is protested~~
25 ~~reject the application and require the applicant to file an~~
26 ~~application with the county judge and submit to a hearing as is~~
27 ~~required by~~] Section 11.43 [~~61.31~~].

1 SECTION 189. Effective December 31, 2020, Section 61.50,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 61.50. RENEWAL OF RETAIL DEALER'S LICENSE: GROUNDS FOR
4 DENIAL [~~REFUSAL~~]. The commission [~~or administrator, without a~~
5 ~~hearing,~~] may deny an application for [~~refuse to issue~~] a renewal of
6 a retail dealer's license and require the applicant to make an
7 original application if it is found that circumstances exist which
8 would warrant the denial [~~refusal~~] of an original application under
9 any pertinent provision of this code.

10 SECTION 190. (a) Effective September 1, 2019, Section
11 61.71(a), Alcoholic Beverage Code, is amended to read as follows:

12 (a) The commission or administrator may suspend for not more
13 than 60 days or cancel an original or renewal retail dealer's on- or
14 off-premise license if it is found, after notice and hearing, that
15 the licensee:

16 (1) violated a provision of this code or a rule of the
17 commission during the existence of the license sought to be
18 cancelled or suspended or during the immediately preceding license
19 period;

20 (2) was finally convicted for violating a penal
21 provision of this code;

22 (3) was finally convicted of a felony while holding an
23 original or renewal license;

24 (4) made a false statement or a misrepresentation in
25 the licensee's original application or a renewal application;

26 (5) with criminal negligence sold, served, or
27 delivered an alcoholic beverage to a minor;

1 (6) sold, served, or delivered an alcoholic beverage
2 to an intoxicated person;

3 (7) sold, served, or delivered an alcoholic beverage
4 at a time when its sale is prohibited;

5 (8) entered or offered to enter an agreement,
6 condition, or system which would constitute the sale or possession
7 of alcoholic beverages on consignment;

8 (9) possessed on the licensed premises, or on adjacent
9 premises directly or indirectly under the licensee's control, an
10 alcoholic beverage not authorized to be sold on the licensed
11 premises, or permitted an agent, servant, or employee to do so,
12 except as permitted by Section 22.06, 24.05, or 102.05;

13 (10) permitted a person on the licensed premises to
14 engage in conduct which is lewd, immoral, or offensive to public
15 decency;

16 (11) employed a person under 18 years of age to sell,
17 handle, or dispense beer, or to assist in doing so, in an
18 establishment where beer is sold for on-premises consumption;

19 (12) conspired with a person to violate Section
20 101.41-101.43, 101.68, 102.11-102.15, 104.04, 108.01, or
21 108.04-108.06, or a rule promulgated under Section 5.40, or
22 accepted a benefit from an act prohibited by any of these sections
23 or rules;

24 (13) refused to permit or interfered with an
25 inspection of the licensed premises by an authorized representative
26 of the commission or a peace officer;

27 (14) permitted the use or display of the licensee's

1 license in the conduct of a business for the benefit of a person not
2 authorized by law to have an interest in the license;

3 (15) maintained blinds or barriers at the licensee's
4 place of business in violation of this code;

5 (16) conducted the licensee's business in a place or
6 manner which warrants the cancellation or suspension of the license
7 based on the general welfare, health, peace, morals, safety, and
8 sense of decency of the people;

9 (17) consumed an alcoholic beverage or permitted one
10 to be consumed on the licensed premises at a time when the
11 consumption of alcoholic beverages is prohibited by this code;

12 (18) purchased beer for the purpose of resale from a
13 person other than the holder of a manufacturer's or distributor's
14 license;

15 (19) acquired an alcoholic beverage for the purpose of
16 resale from another retail dealer of alcoholic beverages;

17 (20) owned an interest of any kind in the business or
18 premises of the holder of a distributor's license;

19 (21) purchased, sold, offered for sale, distributed,
20 or delivered an alcoholic beverage, or consumed an alcoholic
21 beverage or permitted one to be consumed on the licensed premises
22 while the licensee's license was under suspension;

23 (22) purchased, possessed, stored, sold, or offered
24 for sale beer in or from an original package bearing a brand or
25 trade name of a manufacturer other than the brand or trade name
26 shown on the container;

27 (23) has developed an incapacity that prevents or

1 could prevent the license holder from managing the license holder's
2 establishment with reasonable skill, competence, and safety to the
3 public [~~habitually uses alcoholic beverages to excess, is mentally~~
4 ~~incompetent, or is physically unable to manage the licensee's~~
5 ~~establishment~~];

6 (24) imported beer into this state except as
7 authorized by Section 107.07;

8 (25) occupied premises in which the holder of a
9 manufacturer's or distributor's license had an interest of any
10 kind;

11 (26) knowingly permitted a person who had an interest
12 in a permit or license which was cancelled for cause to sell,
13 handle, or assist in selling or handling alcoholic beverages on the
14 licensed premises within one year after the cancellation;

15 (27) was financially interested in a place of business
16 engaged in the selling of distilled spirits or permitted a person
17 having an interest in that type of business to have a financial
18 interest in the business authorized by the licensee's license,
19 except as permitted by Section 22.06, 24.05, or 102.05;

20 (28) is residentially domiciled with or related to a
21 person engaged in selling distilled spirits, except as permitted by
22 Section 22.06, 24.05, or 102.05, so that there is a community of
23 interests which the commission or administrator finds contrary to
24 the purposes of this code;

25 (29) is residentially domiciled with or related to a
26 person whose license has been cancelled within the preceding 12
27 months so that there is a community of interests which the

1 commission or administrator finds contrary to the purposes of this
2 code; or

3 (30) failed to promptly report to the commission a
4 breach of the peace occurring on the licensee's licensed premises.

5 (b) Effective September 1, 2021, Section 61.71(a),
6 Alcoholic Beverage Code, is amended to read as follows:

7 (a) The commission or administrator may suspend for not more
8 than 60 days or cancel an original or renewal retail dealer's on- or
9 off-premise license if it is found, after notice and hearing, that
10 the licensee:

11 (1) violated a provision of this code or a rule of the
12 commission during the existence of the license sought to be
13 cancelled or suspended or during the immediately preceding license
14 period;

15 (2) was finally convicted for violating a penal
16 provision of this code;

17 (3) was finally convicted of a felony while holding an
18 original or renewal license;

19 (4) made a false statement or a misrepresentation in
20 the licensee's original application or a renewal application;

21 (5) with criminal negligence sold, served, or
22 delivered an alcoholic beverage to a minor;

23 (6) sold, served, or delivered an alcoholic beverage
24 to an intoxicated person;

25 (7) sold, served, or delivered an alcoholic beverage
26 at a time when its sale is prohibited;

27 (8) entered or offered to enter an agreement,

1 condition, or system which would constitute the sale or possession
2 of alcoholic beverages on consignment;

3 (9) possessed on the licensed premises, or on adjacent
4 premises directly or indirectly under the licensee's control, an
5 alcoholic beverage not authorized to be sold on the licensed
6 premises, or permitted an agent, servant, or employee to do so,
7 except as permitted by Section 22.06, 24.05, or 102.05;

8 (10) permitted a person on the licensed premises to
9 engage in conduct which is lewd, immoral, or offensive to public
10 decency;

11 (11) employed a person under 18 years of age to sell,
12 handle, or dispense malt beverages [~~beer~~], or to assist in doing so,
13 in an establishment where malt beverages are [~~beer is~~] sold for
14 on-premises consumption;

15 (12) conspired with a person to violate Section
16 101.41-101.43, 101.68, 102.11-102.15, 104.04, 108.01, or
17 108.04-108.06, or a rule promulgated under Section 5.40, or
18 accepted a benefit from an act prohibited by any of these sections
19 or rules;

20 (13) refused to permit or interfered with an
21 inspection of the licensed premises by an authorized representative
22 of the commission or a peace officer;

23 (14) permitted the use or display of the licensee's
24 license in the conduct of a business for the benefit of a person not
25 authorized by law to have an interest in the license;

26 (15) maintained blinds or barriers at the licensee's
27 place of business in violation of this code;

1 (16) conducted the licensee's business in a place or
2 manner which warrants the cancellation or suspension of the license
3 based on the general welfare, health, peace, morals, safety, and
4 sense of decency of the people;

5 (17) consumed an alcoholic beverage or permitted one
6 to be consumed on the licensed premises at a time when the
7 consumption of alcoholic beverages is prohibited by this code;

8 (18) purchased malt beverages [~~beer~~] for the purpose
9 of resale from a person other than the holder of a brewer's
10 [~~manufacturer's~~] or distributor's license;

11 (19) acquired an alcoholic beverage for the purpose of
12 resale from another retail dealer of alcoholic beverages;

13 (20) owned an interest of any kind in the business or
14 premises of the holder of a distributor's license;

15 (21) purchased, sold, offered for sale, distributed,
16 or delivered an alcoholic beverage, or consumed an alcoholic
17 beverage or permitted one to be consumed on the licensed premises
18 while the licensee's license was under suspension;

19 (22) purchased, possessed, stored, sold, or offered
20 for sale malt beverages [~~beer~~] in or from an original package
21 bearing a brand or trade name of a manufacturer other than the brand
22 or trade name shown on the container;

23 (23) has developed an incapacity that prevents or
24 could prevent the license holder from managing the license holder's
25 establishment with reasonable skill, competence, and safety to the
26 public [~~habitually uses alcoholic beverages to excess, is mentally~~
27 ~~incompetent, or is physically unable to manage the licensee's~~

1 ~~establishment~~];

2 (24) imported malt beverages [~~beer~~] into this state
3 except as authorized by Section 107.07;

4 (25) occupied premises in which the holder of a
5 brewer's [~~manufacturer's~~] or distributor's license had an interest
6 of any kind;

7 (26) knowingly permitted a person who had an interest
8 in a permit or license which was cancelled for cause to sell,
9 handle, or assist in selling or handling alcoholic beverages on the
10 licensed premises within one year after the cancellation;

11 (27) was financially interested in a place of business
12 engaged in the selling of distilled spirits or permitted a person
13 having an interest in that type of business to have a financial
14 interest in the business authorized by the licensee's license,
15 except as permitted by Section 22.06, 24.05, or 102.05;

16 (28) is residentially domiciled with or related to a
17 person engaged in selling distilled spirits, except as permitted by
18 Section 22.06, 24.05, or 102.05, so that there is a community of
19 interests which the commission or administrator finds contrary to
20 the purposes of this code;

21 (29) is residentially domiciled with or related to a
22 person whose license has been cancelled within the preceding 12
23 months so that there is a community of interests which the
24 commission or administrator finds contrary to the purposes of this
25 code; or

26 (30) failed to promptly report to the commission a
27 breach of the peace occurring on the licensee's licensed premises.

1 SECTION 191. Effective December 31, 2020, Section 61.712,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 61.712. GROUNDS FOR CANCELLATION OR SUSPENSION: SALES
4 TAX. The commission [~~or administrator~~] may deny an application for
5 a renewal license [~~refuse to renew~~] or, after notice and hearing,
6 the commission or administrator may suspend for not more than 60
7 days or cancel a license if the commission or administrator finds
8 that the licensee:

9 (1) no longer holds a sales tax permit, if required,
10 for the place of business covered by the license; or

11 (2) is shown on the records of the comptroller of
12 public accounts as being subject to a final determination of taxes
13 due and payable under the Limited Sales, Excise and Use Tax Act
14 (Chapter 151, Tax Code), or is shown on the records of the
15 comptroller of public accounts as being subject to a final
16 determination of taxes due and payable under Chapter 321, Tax Code.

17 SECTION 192. (a) Effective December 31, 2020, Section
18 61.721, Alcoholic Beverage Code, is amended to read as follows:

19 Sec. 61.721. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN
20 MUNICIPALITIES. The commission or administrator may cancel an
21 original or a renewal wine and beer retailer's permit or retail
22 dealer's on-premise license and the commission may deny an
23 application for [~~refuse to issue~~] any new alcoholic beverage permit
24 or license for the same premises for one year after the date of
25 cancellation if:

26 (1) the chief of police of the city or the sheriff of
27 the county in which the premises are located has submitted a sworn

1 statement to the commission stating specific allegations that the
2 place or manner in which the permittee or licensee conducts its
3 business endangers the general welfare, health, peace, morals, or
4 safety of the community and further stating that there is a
5 reasonable likelihood that such conduct would continue at the same
6 location under another licensee or permittee; and

7 (2) the commission [~~or administrator~~] finds, after
8 notice and hearing within the county where the premises are
9 located, that the place or manner in which the permittee or licensee
10 conducts its business does in fact endanger the general welfare,
11 health, peace, morals, or safety of the community and that there is
12 a reasonable likelihood that such conduct would continue at the
13 same location under another licensee or permittee.

14 (b) Effective September 1, 2021, Section 61.721, Alcoholic
15 Beverage Code, is amended to read as follows:

16 Sec. 61.721. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN
17 MUNICIPALITIES. The commission or administrator may cancel an
18 original or a renewal wine and malt beverage [~~beer~~] retailer's
19 permit or retail dealer's on-premise license and the commission may
20 deny an application for [~~refuse to issue~~] any new alcoholic
21 beverage permit or license for the same premises for one year after
22 the date of cancellation if:

23 (1) the chief of police of the city or the sheriff of
24 the county in which the premises are located has submitted a sworn
25 statement to the commission stating specific allegations that the
26 place or manner in which the permittee or licensee conducts its
27 business endangers the general welfare, health, peace, morals, or

1 safety of the community and further stating that there is a
2 reasonable likelihood that such conduct would continue at the same
3 location under another licensee or permittee; and

4 (2) the commission [~~or administrator~~] finds, after
5 notice and hearing within the county where the premises are
6 located, that the place or manner in which the permittee or licensee
7 conducts its business does in fact endanger the general welfare,
8 health, peace, morals, or safety of the community and that there is
9 a reasonable likelihood that such conduct would continue at the
10 same location under another licensee or permittee.

11 SECTION 193. Section 61.73, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 61.73. RETAIL DEALER: CREDIT PURCHASE OR DISHONORED
14 CHECK. (a) The commission or administrator may suspend for not
15 more than 60 days or cancel an original or renewal retail dealer's
16 on- or off-premise license if it is found, after notice and hearing,
17 that the licensee purchased malt beverages [~~beer~~] or the containers
18 or original packages in which they are [~~it is~~] contained or packaged
19 except by cash payment to the seller on or before delivery. No
20 holder of either type of license may use a maneuver, device,
21 subterfuge, or shift by which credit is accepted, including payment
22 or attempted payment by a postdated check or draft. Credit for the
23 return of unbroken or undamaged containers or original packages
24 previously paid for by the purchaser may be accepted as cash by the
25 seller in an amount not more than the amount originally paid for
26 them by the purchaser.

27 (b) The commission or administrator may suspend for not more

1 than 60 days or cancel an original or renewal retail dealer's on- or
2 off-premise license if it is found, after notice and hearing, that
3 the licensee gave a check, as maker or endorser, or a draft, as
4 drawer or endorser, as full or partial payment for malt beverages
5 [~~beer~~] or the containers or packages in which they are [~~it is~~]
6 contained or packaged, which is dishonored when presented for
7 payment.

8 SECTION 194. (a) Effective September 1, 2019, Section
9 61.74(a), Alcoholic Beverage Code, is amended to read as follows:

10 (a) The commission or administrator may suspend for not more
11 than 60 days or cancel an original or renewal general[~~, local,~~] or
12 branch distributor's license if it is found, after notice and
13 hearing, that the licensee:

14 (1) violated a provision of this code or a rule of the
15 commission during the existence of the license sought to be
16 cancelled or suspended or during the immediately preceding license
17 period;

18 (2) was finally convicted for violating a penal
19 provision of this code;

20 (3) was finally convicted of a felony while holding an
21 original or renewal license;

22 (4) violated Section 101.41-101.43, 101.68,
23 102.11-102.15, 104.04, 108.01, or 108.04-108.06 [~~of this code~~], or
24 a rule or regulation promulgated under Section 5.40 [~~of this code~~];

25 (5) failed to comply with a requirement of the
26 commission relating to the keeping of records or making of reports;

27 (6) failed to pay any tax due the state on any beer the

1 licensee [~~he~~] sold, stored, or transported;

2 (7) refused to permit or interfered with an inspection
3 of the licensee's [~~his licensed~~] premises, vehicles, books, or
4 records by an authorized representative of the commission;

5 (8) consummated a sale of beer outside the county or
6 counties in which the licensee [~~he~~] was authorized to sell beer
7 under the [~~by his~~] license;

8 (9) purchased, sold, offered for sale, distributed, or
9 delivered beer while the [~~his~~] license was under suspension;

10 (10) permitted the use of the licensee's [~~his~~] license
11 in the operation of a business conducted for the benefit of a person
12 not authorized by law to have an interest in the business;

13 (11) made a false or misleading representation or
14 statement in the licensee's [~~his~~] original application or a renewal
15 application;

16 (12) has developed an incapacity that prevents or
17 could prevent the license holder from managing the license holder's
18 establishment with reasonable skill, competence, and safety to the
19 public [~~habitually uses alcoholic beverages to excess, is mentally~~
20 ~~incompetent, or is physically unable to manage his establishment~~];

21 (13) misrepresented any beer sold by the licensee
22 [~~him~~] to a retailer or to the public;

23 (14) with criminal negligence sold or delivered beer
24 to a minor; or

25 (15) purchased, possessed, stored, sold, or offered
26 for sale beer in an original package bearing a brand or trade name
27 of a manufacturer other than the brand or trade name of the

1 manufacturer shown on the container.

2 (b) Effective September 1, 2021, Section 61.74(a),
3 Alcoholic Beverage Code, is amended to read as follows:

4 (a) The commission or administrator may suspend for not more
5 than 60 days or cancel an original or renewal general~~[, local]~~ or
6 branch distributor's license if it is found, after notice and
7 hearing, that the licensee:

8 (1) violated a provision of this code or a rule of the
9 commission during the existence of the license sought to be
10 cancelled or suspended or during the immediately preceding license
11 period;

12 (2) was finally convicted for violating a penal
13 provision of this code;

14 (3) was finally convicted of a felony while holding an
15 original or renewal license;

16 (4) violated Section 101.41-101.43, 101.68,
17 102.11-102.15, 104.04, 108.01, or 108.04-108.06 ~~[of this code]~~, or
18 a rule or regulation promulgated under Section 5.40 ~~[of this code]~~;

19 (5) failed to comply with a requirement of the
20 commission relating to the keeping of records or making of reports;

21 (6) failed to pay any tax due the state on any malt
22 beverages the licensee ~~[beer he]~~ sold, stored, or transported;

23 (7) refused to permit or interfered with an inspection
24 of the licensee's ~~[his licensed]~~ premises, vehicles, books, or
25 records by an authorized representative of the commission;

26 (8) consummated a sale of malt beverages ~~[beer]~~
27 outside the county or counties in which the licensee ~~[he]~~ was

1 authorized to sell malt beverages under the [~~beer by his~~] license;

2 (9) purchased, sold, offered for sale, distributed, or
3 delivered malt beverages [~~beer~~] while the [~~his~~] license was under
4 suspension;

5 (10) permitted the use of the licensee's [~~his~~] license
6 in the operation of a business conducted for the benefit of a person
7 not authorized by law to have an interest in the business;

8 (11) made a false or misleading representation or
9 statement in the licensee's [~~his~~] original application or a renewal
10 application;

11 (12) has developed an incapacity that prevents or
12 could prevent the license holder from managing the license holder's
13 establishment with reasonable skill, competence, and safety to the
14 public [~~habitually uses alcoholic beverages to excess, is mentally~~
15 ~~incompetent, or is physically unable to manage his establishment~~];

16 (13) misrepresented any malt beverages [~~beer~~] sold by
17 the licensee [~~him~~] to a retailer or to the public;

18 (14) with criminal negligence sold or delivered malt
19 beverages [~~beer~~] to a minor; or

20 (15) purchased, possessed, stored, sold, or offered
21 for sale malt beverages [~~beer~~] in an original package bearing a
22 brand or trade name of a brewer [~~manufacturer~~] other than the brand
23 or trade name of the brewer [~~manufacturer~~] shown on the container.

24 SECTION 195. Section 61.75, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 61.75. SUSPENSION OF BREWER'S [~~MANUFACTURER'S~~]
27 LICENSE. If a brewer [~~manufacturer~~] violates a provision of this

1 code or a rule of the commission, the commission or administrator
2 may order the brewer [~~manufacturer~~] to cease and desist from the
3 violation and may suspend its license, after notice and hearing,
4 until the licensee obeys the order.

5 SECTION 196. Effective December 31, 2020, Section 61.79,
6 Alcoholic Beverage Code, is amended to read as follows:

7 Sec. 61.79. NOTICE OF HEARING: DENIAL [~~REFUSAL~~],
8 CANCELLATION, OR SUSPENSION OF LICENSE. Section 11.63 applies [~~of~~
9 ~~this code relates~~] to notice of a hearing for the denial [~~refusal~~],
10 cancellation, or suspension of a license.

11 SECTION 197. Effective December 31, 2020, Section 61.81,
12 Alcoholic Beverage Code, is amended to read as follows:

13 Sec. 61.81. APPEAL FROM CANCELLATION OR [~~7~~] SUSPENSION [~~7~~ OR
14 ~~REFUSAL~~] OF LICENSE. Section 11.67 [~~of this code~~] applies to an
15 appeal from a decision or order of the commission or administrator
16 [~~refusing~~] cancelling [~~7~~] or suspending a license.

17 SECTION 198. Section 61.84(a), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (a) A [~~No~~] person whose license is cancelled may not sell or
20 offer for sale malt beverages [~~beer~~] for a period of one year
21 immediately following the cancellation, unless the order of
22 cancellation is superseded pending trial or unless the person [~~he~~]
23 prevails in a final judgment rendered on an appeal prosecuted in
24 accordance with this code.

25 SECTION 199. Section 61.85(a), Alcoholic Beverage Code, is
26 amended to read as follows:

27 (a) A person whose license is cancelled or forfeited may,

1 within 30 days of the cancellation or forfeiture, make a bulk sale
2 or disposal of any stock of malt beverages [~~beer~~] on hand at the
3 time of the cancellation or forfeiture.

4 SECTION 200. Effective September 1, 2019, Section 61.86,
5 Alcoholic Beverage Code, is amended to read as follows:

6 Sec. 61.86. DISCIPLINE FOR ACTIONS OF AGENT; RECORDS
7 RETENTION. (a) The commission or administrator may suspend or
8 revoke the license of a person who is the employer of or represented
9 by [~~the holder of~~] an agent [~~agent's beer license~~] as described by
10 Section 73.01 or otherwise discipline the person based on an act or
11 omission of [~~the holder of~~] the agent [~~agent's beer license~~] only if
12 an individual employed by the person in a supervisory position:

13 (1) was directly involved in the act or omission of the
14 agent [~~holder of the agent's beer license~~];

15 (2) had notice or knowledge of the act or omission; or

16 (3) failed to take reasonable steps to prevent the act
17 or omission.

18 (b) The holder of a license who is represented by an agent
19 shall maintain records relating to the agent's activities,
20 including any representation agreement, employment records, or
21 similar documents for not less than four years from the date the
22 record is created.

23 SECTION 201. Effective September 1, 2019, Section 61.87,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 61.87. AFFIRMATION OF COMPLIANCE. A person who holds a
26 license under Chapter 64[~~7-65~~] or 66 may not be subject to an
27 administrative sanction for selling or delivering an alcoholic

1 beverage to a retailer not authorized to purchase and receive the
2 alcoholic beverage if the license holder:

3 (1) reasonably believes that the retailer is
4 authorized to purchase and receive that type of alcoholic beverage;
5 and

6 (2) obtains from the retailer at the time of delivery a
7 written affirmation, which may be printed or stamped on a sales
8 invoice evidencing the sale or delivery of alcoholic beverages by
9 the license holder, that the retailer is authorized to purchase and
10 receive the type of alcoholic beverage sold and delivered by the
11 license holder.

12 SECTION 202. The heading to Chapter 62, Alcoholic Beverage
13 Code, is amended to read as follows:

14 CHAPTER 62. BREWER'S [~~MANUFACTURER'S~~] LICENSE

15 SECTION 203. Section 62.01, Alcoholic Beverage Code, is
16 amended to read as follows:

17 Sec. 62.01. AUTHORIZED ACTIVITIES. (a) The holder of a
18 brewer's [~~manufacturer's~~] license may:

19 (1) [~~manufacture or~~] brew malt beverages [~~beer~~] and
20 distribute and sell the malt beverages [~~it~~] in this state to the
21 holders of general[~~, local~~] and branch distributor's licenses and
22 to qualified persons outside the state;

23 (2) dispense malt beverages [~~beer~~] for consumption on
24 the premises;

25 (3) bottle and can malt beverages [~~beer~~] and pack malt
26 beverages [~~it~~] into containers for resale in this state, regardless
27 of whether the malt beverages are [~~beer is manufactured or~~] brewed

1 in this state or in another state and imported into Texas;

2 (4) conduct samplings of malt beverages [~~beer~~],
3 including tastings, at a retailer's premises; and

4 (5) enter into an alternating brewery proprietorship
5 or contract brewing arrangement as provided by Section 62.14.

6 (b) An agent or employee of the holder of a brewer's
7 [~~manufacturer's~~] license may open, touch, or pour malt beverages
8 [~~beer~~], make a presentation, or answer questions at a sampling
9 event.

10 SECTION 204. (a) Effective December 31, 2020, Section
11 62.03(a), Alcoholic Beverage Code, is amended to read as follows:

12 (a) Except as provided by Section 62.14, each applicant for
13 a manufacturer's license shall file with an application a sworn
14 statement that the applicant will be engaged in the business of
15 brewing and packaging beer in this state in quantities sufficient
16 to make the applicant's operation a bona fide brewing manufacturer
17 within three years of the issuance of the original license. If the
18 applicant is a corporation, the statement must be signed by one of
19 its principal officers. The commission[~~, administrator, or county~~
20 ~~judge~~] may not approve an application unless it is accompanied by
21 the required sworn statement.

22 (b) Effective September 1, 2021, Section 62.03, Alcoholic
23 Beverage Code, is amended to read as follows:

24 Sec. 62.03. STATEMENT OF INTENTION. (a) Except as provided
25 by Section 62.14, each applicant for a brewer's [~~manufacturer's~~]
26 license shall file with an application a sworn statement that the
27 applicant will be engaged in the business of brewing and packaging

1 malt beverages [~~beer~~] in this state in quantities sufficient to
2 make the applicant's operation a bona fide brewer [~~brewing~~
3 ~~manufacturer~~] within three years of the issuance of the original
4 license. If the applicant is a corporation, the statement must be
5 signed by one of its principal officers. The commission[~~7~~
6 ~~administrator, or county judge~~] may not approve an application
7 unless it is accompanied by the required sworn statement.

8 (b) This section does not apply to the holder of a
9 [~~manufacturer's~~] license which was in effect on January 1, 1953,
10 that authorized the license holder to manufacture a type of malt
11 beverage.

12 SECTION 205. Sections 62.04(a), (b), and (c), Alcoholic
13 Beverage Code, are amended to read as follows:

14 (a) A renewal of a brewer's [~~manufacturer's~~] license may not
15 be denied during the two-year period following the issuance of the
16 original license on the ground that the licensee has not brewed and
17 packaged malt beverages [~~beer~~] in this state if the licensee is
18 engaged in good faith in constructing a brewing plant on the
19 licensed premises or is engaged in one of the following preparatory
20 stages of construction:

- 21 (1) preliminary engineering;
- 22 (2) preparing drawings and specifications;
- 23 (3) conducting engineering, architectural, or
24 equipment studies; or
- 25 (4) preparing for the taking of bids from contractors.

26 (b) During the three-year period following the issuance of a
27 brewer's [~~manufacturer's~~] license, as long as the licensee is

1 engaged in construction or in a preliminary stage of construction
2 enumerated in Subsection (a) [~~of this section~~], the commission
3 shall issue each renewal license to take effect immediately on the
4 expiration of the expiring license and shall not require the
5 licensee to make an original application.

6 (c) After two years and 11 months has expired following the
7 issuance of an original brewer's [~~manufacturer's~~] license, the
8 commission may [~~shall~~] not issue a renewal license if it finds that
9 the licensee has not complied with the licensee's [~~his~~] sworn
10 statement filed with the [~~his~~] original application or that the
11 licensee [~~he~~] has not begun construction of a plant or initiated any
12 of the preliminary stages of construction enumerated in Subsection
13 (a) unless the commission also finds that the licensee [~~applicant~~]
14 has been prevented from doing so by causes beyond the licensee's
15 [~~his~~] reasonable control. If the commission finds that the
16 licensee has been prevented from complying by causes beyond the
17 licensee's [~~his~~] reasonable control, it may grant one additional
18 renewal for the licensee to comply with the terms of the licensee's
19 [~~his~~] sworn statement. Otherwise, the commission shall deny the
20 renewal application and may not grant a subsequent original
21 application by the licensee for a period of two years following the
22 date of the denial.

23 SECTION 206. Section 62.05(a), Alcoholic Beverage Code, is
24 amended to read as follows:

25 (a) The holder of a brewer's [~~manufacturer's~~] license shall
26 make and keep a record of each day's production or receipt of malt
27 beverages [~~beer~~] and of every sale of malt beverages [~~beer~~],

1 including the name of each purchaser. Each transaction shall be
2 recorded on the day it occurs. The licensee shall make and keep any
3 other records that the commission or administrator requires.

4 SECTION 207. Section 62.07, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 62.07. IMPORTATION OF MALT BEVERAGES [~~BEER~~]:
7 CONTAINERS, USE OF TANK CARS. The holder of a brewer's
8 [~~manufacturer's~~] license may import malt beverages [~~beer~~] into this
9 state in barrels or other containers in accordance with the
10 provisions of this code. A [~~No~~] person may not ship malt beverages
11 [~~beer~~] into the state in tank cars.

12 SECTION 208. (a) Effective September 1, 2019, Section
13 62.08, Alcoholic Beverage Code, is amended by adding Subsection (e)
14 to read as follows:

15 (e) The holder of a manufacturer's or distributor's license
16 shall register with the commission each warehouse used by the
17 manufacturer or distributor to store beer. The commission by rule
18 shall determine the information that is required to register a
19 warehouse under this subsection.

20 (b) Effective September 1, 2021, Section 62.08, Alcoholic
21 Beverage Code, is amended to read as follows:

22 Sec. 62.08. WAREHOUSES; DELIVERY TRUCKS. (a) The holder
23 of a brewer's [~~manufacturer's~~] or distributor's license may
24 maintain or engage necessary warehouses for storage purposes in
25 areas where the sale of malt beverages [~~beer~~] is lawful and may make
26 deliveries from the warehouses without obtaining licenses for them.
27 The licensee may not import malt beverages [~~beer~~] from outside the

1 state directly or indirectly to an unlicensed warehouse.

2 (b) A warehouse or railway car in which malt beverages are
3 served, orders for the sale of malt beverages [~~beer~~] are taken, or
4 money from the sale of malt beverages [~~beer~~] is collected is a
5 separate place of business for which a license is required.

6 (c) A truck operated by a licensed distributor for the sale
7 and delivery of malt beverages [~~beer~~] to a licensed retail dealer at
8 the dealer's place of business is not a separate place of business
9 for which a license is required.

10 (d) The commission shall promulgate rules governing the
11 transportation of malt beverages [~~beer~~], the sale of which is to be
12 consummated at a licensed retailer's place of business.

13 (e) The holder of a brewer's or distributor's license shall
14 register with the commission each warehouse used by the brewer or
15 distributor to store malt beverages. The commission by rule shall
16 determine the information that is required to register a warehouse
17 under this subsection.

18 SECTION 209. Section 62.09, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 62.09. MALT BEVERAGES [~~BEER~~] FOR EXPORT. Regardless
21 of any other provision of this code, a holder of a brewer's
22 [~~manufacturer's~~] license may brew and package malt beverages or
23 import them from outside the state, for shipment out of the state,
24 even though the alcohol content, containers, packages, or labels
25 make the beverages illegal to sell within the state. The licensee
26 may export the beverages out of state or deliver them at the
27 licensee's [~~his~~] premises for shipment out of the state without

1 being liable for any state tax on [~~beer, ale, or~~] malt beverages
2 [~~liquor~~] sold for resale in the state.

3 SECTION 210. Section 62.11, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 62.11. CONTINUANCE OF OPERATION AFTER LOCAL OPTION
6 ELECTION. The right of a brewer's [~~manufacturer's~~] licensee to
7 continue operation after a prohibitory local option election is
8 covered by Section 251.75 [~~of this code~~].

9 SECTION 211. The heading to Section 62.122, Alcoholic
10 Beverage Code, is amended to read as follows:

11 Sec. 62.122. SALES BY CERTAIN BREWERS [~~MANUFACTURERS~~] TO
12 CONSUMERS.

13 SECTION 212. (a) Effective September 1, 2019, Section
14 62.122, Alcoholic Beverage Code, is amended by amending Subsections
15 (a), (c), and (e) and adding Subsections (a-1), (e-1), and (g) to
16 read as follows:

17 (a) A manufacturer's licensee whose annual production of
18 beer, together with the annual production of ale by the holder of a
19 brewer's permit at all premises wholly or partly owned, directly or
20 indirectly, by the license holder or an affiliate or subsidiary of
21 the license holder, does not exceed 225,000 barrels may sell beer
22 produced on the manufacturer's premises under the license to
23 ultimate consumers on the manufacturer's premises:

24 (1) for responsible consumption on the manufacturer's
25 premises; or

26 (2) subject to Subsection (a-1), for off-premises
27 consumption.

1 (a-1) Sales to a consumer on the manufacturer's premises for
2 off-premises consumption are limited to 576 fluid ounces of beer
3 and ale combined per calendar day.

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

11 (1) the license holder:

12 (A) was legally operating a manufacturing
13 facility with on-premise sales under Subsection (a) on February 1,
14 2017; or

15 (B) purchased an ownership interest in, or was
16 purchased by the holder of, a permit or license issued under Chapter
17 [12](#), [13](#), [62](#), or [63](#); and

18 (2) the license holder has annual production that does
19 not exceed 175,000 barrels at the manufacturer's premises.

20 (e) A holder of a manufacturer's license who under
21 Subsection (c) sells beer produced on the manufacturer's premises
22 under the license to ultimate consumers on the manufacturer's
23 premises for responsible consumption on the manufacturer's
24 premises or for off-premises consumption:

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

27 (2) must purchase any beer the license holder sells on

1 the manufacturer's premises from the holder of a license issued
2 under Chapter 64~~[, 65,]~~ or 66; and

3 (3) with respect to those purchases, must comply with
4 the requirements of this code governing dealings between a
5 distributor or wholesaler and a member of the retail tier,
6 including Sections 61.73 and 102.31.

7 (e-1) The commission:

8 (1) may require the holder of a manufacturer's license
9 who sells beer to ultimate consumers under this section to report to
10 the commission each month, in the manner prescribed by the
11 commission, the total amounts of beer sold by the permit holder
12 under this section during the preceding month for:

13 (A) responsible consumption on the
14 manufacturer's premises; and

15 (B) off-premises consumption;

16 (2) by rule shall adopt a simple form for a report
17 required under Subdivision (1); and

18 (3) shall maintain reports received under this
19 subsection for public review.

20 (g) Notwithstanding any other provision of this code, the
21 holder of a manufacturer's license whose annual production exceeds
22 the limit prescribed by Subsection (a) and who was legally
23 operating a facility with on-premise sales under Subsection (a) or
24 Section 12.052(a) on February 1, 2017, may establish not more than
25 two additional facilities with on-premise sales under Subsection
26 (a) or Section 12.052(a) if each premises:

27 (1) does not produce more than a total of 225,000

1 barrels of beer and ale combined; and

2 (2) complies with the requirements of:

3 (A) Subsections (b) and (e); and

4 (B) Sections 12.052(b) and (e).

5 (b) Section 62.122, Alcoholic Beverage Code, is amended by
6 amending Subsections (a), (b), (c), and (e) and adding Subsections
7 (a-1), (e-1), and (g) to read as follows:

8 (a) A brewer's [~~manufacturer's~~] licensee whose annual
9 production of malt beverages [~~beer, together with the annual~~
10 ~~production of ale by the holder of a brewer's permit~~] at all
11 premises wholly or partly owned, directly or indirectly, by the
12 license holder or an affiliate or subsidiary of the license holder,
13 does not exceed 225,000 barrels may sell malt beverages [~~beer~~]
14 produced on the brewer's [~~manufacturer's~~] premises under the
15 license to ultimate consumers on the brewer's [~~manufacturer's~~]
16 premises:

17 (1) for responsible consumption on the brewer's
18 [~~manufacturer's~~] premises; or

19 (2) subject to Subsection (a-1), for off-premises
20 consumption.

21 (a-1) Sales to a consumer on the brewer's premises for
22 off-premises consumption are limited to 576 fluid ounces of malt
23 beverages per calendar day.

24 (b) The total [~~combined~~] sales of malt beverages [~~beer~~] to
25 ultimate consumers under this section[~~, together with the sales of~~
26 ~~ale to ultimate consumers by the holder of a brewer's permit under~~
27 ~~Section 12.052]~~ at the same premises[~~]~~ may not exceed 5,000

1 barrels annually.

2 (c) Subject to Subsections (b), (d), and (e), the holder of
3 a brewer's [~~manufacturer's~~] license may sell malt beverages [~~beer~~]
4 produced on the brewer's [~~manufacturer's~~] premises under the
5 license to ultimate consumers on the brewer's [~~manufacturer's~~]
6 premises for responsible consumption on the brewer's
7 [~~manufacturer's~~] premises or for off-premises consumption even if
8 the annual production limit prescribed by Subsection (a) is
9 exceeded if:

10 (1) the license holder:

11 (A) was legally operating a manufacturing
12 facility with on-premise sales under Subsection (a) on February 1,
13 2017; or

14 (B) purchased an ownership interest in, or was
15 purchased by the holder of, a permit or license issued under Chapter
16 [12](#), [13](#), [62](#), or [63](#); and

17 (2) the license holder has annual production that does
18 not exceed 175,000 barrels at the brewer's [~~manufacturer's~~]
19 premises.

20 (e) A holder of a brewer's [~~manufacturer's~~] license who
21 under Subsection (c) sells malt beverages [~~beer~~] produced on the
22 brewer's [~~manufacturer's~~] premises under the license to ultimate
23 consumers on the brewer's [~~manufacturer's~~] premises for responsible
24 consumption on the brewer's [~~manufacturer's~~] premises or for
25 off-premises consumption:

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

1 (2) must purchase any malt beverages [~~beer~~] the
2 license holder sells on the brewer's [~~manufacturer's~~] premises from
3 the holder of a license issued under Chapter 64 [~~65~~] or 66; and

4 (3) with respect to those purchases, must comply with
5 the requirements of this code governing dealings between a
6 distributor [~~or wholesaler~~] and a member of the retail tier,
7 including Sections 61.73 and 102.31.

8 (e-1) The commission:

9 (1) may require the holder of a brewer's license who
10 sells malt beverages to ultimate consumers under this section to
11 report to the commission each month, in the manner prescribed by the
12 commission, the total amounts of malt beverages sold by the license
13 holder under this section during the preceding month for:

14 (A) responsible consumption on the brewer's
15 premises; and

16 (B) off-premises consumption;

17 (2) by rule shall adopt a simple form for a report
18 required under Subdivision (1); and

19 (3) shall maintain reports received under this
20 subsection for public review.

21 (g) Notwithstanding any other provision of this code, the
22 holder of a brewer's license whose annual production exceeds the
23 limit prescribed by Subsection (a) and who was legally operating a
24 facility with on-premise sales under Subsection (a) on February 1,
25 2017, may establish not more than two additional facilities with
26 on-premise sales under Subsection (a) if each premises:

27 (1) does not produce more than a total of 225,000

1 barrels of malt beverages; and

2 (2) complies with the requirements of Subsections (b)
3 and (e).

4 SECTION 213. Sections 62.14(a), (b), (b-1), (c), and (e),
5 Alcoholic Beverage Code, are amended to read as follows:

6 (a) The holder of a brewer's [~~manufacturer's~~] or nonresident
7 brewer's [~~manufacturer's~~] license may contract with the holder of a
8 brewer's [~~manufacturer's~~] license:

9 (1) to provide manufacturing services; or

10 (2) for the use of the license holder's manufacturing
11 facilities under an alternating brewery proprietorship if each
12 party to the proprietorship:

13 (A) has filed the appropriate Brewer's Notice and
14 Brewer's Bond as required by the Alcohol and Tobacco Tax and Trade
15 Bureau of the United States Department of the Treasury; and

16 (B) if applicable, has posted with the commission
17 a bond in an amount determined by the commission under Subsection
18 (d) or (e).

19 (b) An entity is not required to own its brewing
20 [~~manufacturing~~] facilities if the entity operates under an
21 alternating brewery proprietorship as provided by Subsection (a).

22 (b-1) Each entity that is a party to an alternating brewery
23 proprietorship or contract brewing arrangement must hold a license
24 at the location where brewing [~~manufacturing~~] services are
25 conducted under the arrangement.

26 (c) This section does not authorize a person acting as an
27 agent for a brewer [~~manufacturer~~] located outside of this state to

1 contract with the holder of a brewer's [~~manufacturer's~~] license to
2 brew malt beverages [~~manufacture beer~~] on the person's behalf. A
3 contract described by this subsection may only be entered into by
4 the holder of a brewer's [~~manufacturer's~~] license and another
5 person holding a license under this code.

6 (e) An entity that is a party to an alternating brewery
7 proprietorship or contract brewing arrangement must post with the
8 commission a bond in an amount determined by the commission of not
9 less than \$30,000 if the entity does not own a fee interest in a
10 brewing [~~manufacturing~~] facility.

11 SECTION 214. Chapter 62, Alcoholic Beverage Code, is
12 amended by adding Section 62.15 to read as follows:

13 Sec. 62.15. IMPORTING MALT BEVERAGES. (a) In this
14 subtitle, "importer" means a person who imports malt beverages into
15 the state in quantities in excess of 288 fluid ounces in any one
16 day.

17 (b) The holder of a brewer's license may import malt
18 beverages into this state only from the holder of a nonresident
19 brewer's license and may transport those beverages into this state
20 only:

21 (1) in a motor vehicle that is:

22 (A) owned or leased in good faith by the license
23 holder; and

24 (B) printed or painted with the designation
25 required by the commission; or

26 (2) by a railway carrier or by a motor carrier
27 registered under Chapter 643, Transportation Code, or with the

1 Federal Motor Carrier Safety Administration.

2 (c) The holder of a brewer's license transporting malt
3 beverages under Subsection (b)(1) shall provide to the commission:

4 (1) a full description of each motor vehicle used by
5 the license holder for transporting malt beverages; and

6 (2) any other information the commission requires.

7 (d) A carrier transporting malt beverages as authorized by
8 Subsection (b)(2) must hold a carrier permit issued under Chapter
9 41 and the provisions of Chapter 41 relating to the transportation
10 of liquor apply to the transportation of the malt beverages. A
11 carrier may not transport malt beverages into the state unless it is
12 consigned to an importer.

13 SECTION 215. The heading to Chapter 62A, Alcoholic Beverage
14 Code, is amended to read as follows:

15 CHAPTER 62A. BREWER'S [~~MANUFACTURER'S~~] SELF-DISTRIBUTION LICENSE

16 SECTION 216. Section 62A.01, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 62A.01. ELIGIBILITY FOR LICENSE. A brewer's
19 [~~manufacturer's~~] self-distribution license may be issued only to
20 the holder of a brewer's [~~manufacturer's~~] license under Chapter 62
21 or the holder of a nonresident brewer's [~~manufacturer's~~] license
22 under Chapter 63.

23 SECTION 217. Section 62A.02, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 62A.02. AUTHORIZED ACTIVITIES. (a) A holder of a
26 brewer's [~~manufacturer's~~] self-distribution license whose annual
27 production of malt beverages [~~beer~~] under the brewer's

1 ~~[manufacturer's]~~ or nonresident brewer's ~~[manufacturer's]~~
2 license~~[, together with the annual production of ale by the holder~~
3 ~~of a brewer's or nonresident brewer's permit]~~ at all premises owned
4 directly or indirectly by the license holder or an affiliate or
5 subsidiary of the license holder, does not exceed 125,000 barrels
6 may sell malt beverages ~~[beer]~~ produced under the brewer's
7 ~~[manufacturer's]~~ or nonresident brewer's ~~[manufacturer's]~~ license
8 to those persons to whom the holder of a general distributor's
9 license may sell malt beverages ~~[beer]~~ under Section 64.01(a)(2).

10 (b) The total ~~[combined]~~ sales of malt beverages ~~[beer]~~
11 under this section~~[, together with the sales of ale by the holder of~~
12 ~~a brewer's self-distribution permit under Section 12A.02]~~ at all
13 premises owned directly or indirectly by the license holder or an
14 affiliate or subsidiary of the license holder~~[,]~~ may not exceed
15 40,000 barrels annually.

16 (c) With regard to a sale under this section, the holder of a
17 brewer's ~~[manufacturer's]~~ self-distribution license has the same
18 authority and is subject to the same requirements that apply to a
19 sale made by the holder of a general distributor's license.

20 (d) Malt beverages ~~[Beer]~~ sold under this section may be
21 shipped only from a manufacturing facility in this state.

22 SECTION 218. Section 62A.04(a), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (a) Not later than the 15th day of each month, the holder of
25 a brewer's ~~[manufacturer's]~~ self-distribution license shall file a
26 report with the commission that contains information relating to
27 the sales made by the license holder to a retailer during the

1 preceding calendar month.

2 SECTION 219. The heading to Chapter 63, Alcoholic Beverage
3 Code, is amended to read as follows:

4 CHAPTER 63. NONRESIDENT BREWER'S [~~MANUFACTURER'S~~] LICENSE

5 SECTION 220. Section 63.01, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 63.01. AUTHORIZED ACTIVITIES. The holder of a
8 nonresident brewer's [~~manufacturer's~~] license may transport malt
9 beverages [~~beer~~] into Texas only to holders of brewer's or
10 distributor's [~~importer's~~] licenses. The nonresident brewer's
11 [~~manufacturer's~~] licensee may transport the malt beverages [~~beer~~]
12 in carriers or vehicles operated by holders of carrier's permits or
13 in motor vehicles owned or leased by the nonresident brewer
14 [~~manufacturer~~]. The malt beverages [~~beer~~] must be shipped in
15 barrels or other containers in accordance with the provisions of
16 this code and may not be shipped into the state in tank cars.

17 SECTION 221. Section 63.03, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 63.03. LIABILITY FOR TAXES; BOND. The holder of a
20 nonresident brewer's [~~manufacturer's~~] license that transports malt
21 beverages [~~beer~~] into Texas in a motor vehicle owned or leased by
22 the licensee [~~him~~] is not primarily responsible for the payment of
23 the taxes on the malt beverages [~~beer~~], which remains the
24 responsibility of the holder of the brewer's or distributor's
25 [~~importer's~~] license. However, the nonresident brewer
26 [~~manufacturer~~] shall furnish the commission with a bond in an
27 amount which, in the commission's judgment, will protect the

1 revenue of the state from the tax due on the malt beverages [~~beer~~]
2 over any six-week period.

3 SECTION 222. Section 63.04, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 63.04. APPLICATION OF CODE PROVISIONS AND RULES. A
6 holder of a nonresident brewer's [~~manufacturer's~~] license is
7 subject to all applicable provisions of this code and all
8 applicable rules of the commission which apply to holders of
9 brewer's [~~manufacturer's~~] licenses, including rules relating to the
10 quality, purity, and identity of malt beverages [~~beer~~] and to
11 protecting the public health. The commission may suspend or cancel
12 a nonresident brewer's [~~manufacturer's~~] license and apply penalties
13 in the same manner as it does with respect to a brewer's
14 [~~manufacturer's~~] license.

15 SECTION 223. Sections 63.05(a), (b), (b-1), (c), and (e),
16 Alcoholic Beverage Code, are amended to read as follows:

17 (a) The holder of a brewer's [~~manufacturer's~~] or nonresident
18 brewer's [~~manufacturer's~~] license may contract with the holder of a
19 nonresident brewer's [~~manufacturer's~~] license:

20 (1) to provide brewing [~~manufacturing~~] services; or
21 (2) for the use of the license holder's brewing
22 [~~manufacturing~~] facilities under an alternating brewery
23 proprietorship if each party to the proprietorship:

24 (A) has filed the appropriate Brewer's Notice and
25 Brewer's Bond as required by the Alcohol and Tobacco Tax and Trade
26 Bureau of the United States Department of the Treasury; and

27 (B) if applicable, has posted with the commission

1 a bond in an amount determined by the commission under Subsection
2 (d) or (e).

3 (b) An entity is not required to own its brewing
4 [~~manufacturing~~] facilities if the entity operates under an
5 alternating brewery proprietorship as provided by Subsection (a).

6 (b-1) Each entity that is a party to an alternating brewery
7 proprietorship or contract brewing arrangement must hold a license
8 at the location where brewing [~~manufacturing~~] services are
9 conducted under the arrangement.

10 (c) This section does not authorize a person acting as an
11 agent for a brewer [~~manufacturer~~] located outside of this state to
12 contract with the holder of a nonresident brewer's [~~manufacturer's~~]
13 license to brew malt beverages [~~manufacture beer~~] on the person's
14 behalf. A contract described by this subsection may only be entered
15 into by the holder of a nonresident brewer's [~~manufacturer's~~]
16 license and another person holding a license under this code.

17 (e) An entity that is a party to an alternating brewery
18 proprietorship or contract brewing arrangement must post with the
19 commission a bond in an amount determined by the commission of not
20 less than \$30,000 if the entity does not own a fee interest in a
21 brewing [~~manufacturing~~] facility.

22 SECTION 224. Section 64.01(a), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (a) The holder of a general distributor's license may:

25 (1) receive malt beverages [~~beer~~] in unbroken original
26 packages from brewers [~~manufacturers~~] and brewpubs and from
27 general[~~, local~~] or branch distributors;

1 (2) distribute or sell malt beverages [~~beer~~] in the
2 unbroken original packages in which they are [~~it is~~] received to
3 general or [~~7~~] branch [~~7, or local~~] distributors, to local distributor
4 permittees, to permittees or licensees authorized to sell to
5 ultimate consumers, to private club registration permittees, to
6 authorized outlets located on any installation of the national
7 military establishment, or to qualified persons for shipment and
8 consumption outside the state; and

9 (3) serve free malt beverages [~~beer~~] for consumption
10 on the licensed premises.

11 SECTION 225. Section 64.03, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 64.03. SALE OF MALT BEVERAGES [~~BEER~~] TO PRIVATE CLUBS.
14 The holder of a general distributor's license may sell and deliver
15 malt beverages [~~beer~~] to private clubs located in wet areas without
16 having to secure a prior order. All sales made under the authority
17 of this section must be made in accordance with Sections 61.73 and
18 102.31 [~~of this code~~].

19 SECTION 226. Section 64.04(a), Alcoholic Beverage Code, is
20 amended to read as follows:

21 (a) Each holder of a general [~~7, local~~] or branch
22 distributor's license shall make and keep a daily record of every
23 receipt of malt beverages [~~beer~~] and of every sale of malt beverages
24 [~~beer~~], including the name of each purchaser. Each transaction
25 shall be recorded on the day it occurs. The licensee shall make and
26 keep any other records that the commission or administrator
27 requires.

1 SECTION 227. Section 64.07, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 64.07. MAY SHARE PREMISES. (a) Any number of
4 general[~~, local,~~] and branch distributors may use the same delivery
5 vehicles, premises, location, or place of business as licensed
6 premises if the malt beverages [~~beer~~] owned and stored by each of
7 the distributors are [~~is~~] segregated.

8 (b) If delivery vehicles are shared by any number of
9 distributors who also hold any class of wholesaler's permits,
10 liquor or malt beverages [~~beer~~] may be transported. [~~The~~
11 ~~provisions of Section 42.03 of this code do not apply and no~~
12 ~~distributor or wholesaler shall be required to obtain the~~
13 ~~certificate or permit described by that section to share a delivery~~
14 ~~vehicle for the transportation of liquor or beer.~~]

15 (c) The provisions of Subsections (a) and (b) [~~of this~~
16 ~~section~~] that relate to shared delivery vehicles apply only to
17 those general[~~, local,~~] or branch distributors who hold a
18 territorial designation from a brewer [~~manufacturer~~] under Section
19 102.51 [~~of this code~~].

20 SECTION 228. (a) Effective September 1, 2019, Sections
21 64.08(a) and (c), Alcoholic Beverage Code, are amended to read as
22 follows:

23 (a) The holder of a general distributor's license may sell
24 beer [~~to the holder of an industrial permit~~] for use as an
25 ingredient in the manufacturing and processing of food products.

26 (c) A person [~~The industrial permittee~~] may not resell beer
27 purchased under this section, divert the beer to use for beverage

1 purposes, possess the beer with intent that it be used for beverage
2 purposes, or possess the beer under circumstances from which it may
3 reasonably be deduced that the beer is to be used for beverage
4 purposes.

5 (b) Effective September 1, 2021, Section 64.08, Alcoholic
6 Beverage Code, is amended to read as follows:

7 Sec. 64.08. MALT BEVERAGES [~~BEER~~] FOR USE IN FOOD PRODUCTS
8 INDUSTRY. (a) The holder of a general distributor's license may
9 sell malt beverages [~~beer to the holder of an industrial permit~~] for
10 use as an ingredient in the manufacturing and processing of food
11 products.

12 (b) The malt beverages [~~beer~~] must be sold in containers of
13 not less than one-half barrel. The sale is subject to the
14 requirements of Section 102.31 [~~of this code~~]. The seller shall
15 keep records of shipments and sales of malt beverages [~~beer~~] in a
16 manner prescribed by the commission or administrator.

17 (c) A person [~~The industrial permittee~~] may not resell malt
18 beverages [~~beer~~] purchased under this section, divert the malt
19 beverages [~~beer~~] to use for beverage purposes, possess the malt
20 beverages [~~beer~~] with intent that the malt beverages [~~it~~] be used
21 for beverage purposes, or possess the malt beverages [~~beer~~] under
22 circumstances from which it may reasonably be deduced that the malt
23 beverages are [~~beer is~~] to be used for beverage purposes.

24 (d) Taxes imposed by this code do not apply to malt
25 beverages [~~beer~~] sold under this section.

26 SECTION 229. Section 64.09, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 64.09. MALT BEVERAGES [~~BEER~~] FOR EXPORT. (a) In this
2 section "malt beverages [~~beer~~] for export" means malt beverages
3 [~~beer~~] a distributor holds for export to another state in which the
4 distributor has been assigned a territory for the distribution and
5 sale of the malt beverages [~~beer~~]. The term includes malt beverages
6 [~~beer~~] that are [~~is~~] illegal to sell in this state because of
7 alcohol content, containers, packages, or labels.

8 (b) The holder of a general distributor's license who
9 receives malt beverages [~~beer~~] for export from the holder of a
10 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
11 license may:

12 (1) store the malt beverages [~~beer~~] for export at the
13 distributor's premises;

14 (2) transport the malt beverages [~~beer~~] for export
15 outside the state in the distributor's own vehicles; or

16 (3) deliver the malt beverages [~~beer~~] for export to a
17 common carrier for export and delivery outside the state.

18 (c) The holder of a general distributor's license is not
19 liable for any state tax on the malt beverages [~~beer~~] for export.

20 (d) Section 101.67 does not apply to malt beverages [~~beer~~]
21 for export.

22 SECTION 230. Chapter 64, Alcoholic Beverage Code, is
23 amended by adding Section 64.10 to read as follows:

24 Sec. 64.10. IMPORTING MALT BEVERAGES. (a) In this section,
25 "importer" means a person who imports malt beverages into the state
26 in quantities in excess of 288 fluid ounces in any one day.

27 (b) The holder of a general distributor's license may import

1 malt beverages into this state only from the holder of a nonresident
2 brewer's license and may transport those beverages into this state
3 only:

4 (1) in a motor vehicle that is:

5 (A) owned or leased in good faith by the license
6 holder; and

7 (B) printed or painted with the designation
8 required by the commission; or

9 (2) by a railway carrier or by a motor carrier
10 registered under Chapter 643, Transportation Code, or with the
11 Federal Motor Carrier Safety Administration.

12 (c) The holder of a general distributor's license
13 transporting malt beverages under Subsection (b)(1) shall provide
14 to the commission:

15 (1) a full description of each motor vehicle used by
16 the license holder for transporting malt beverages; and

17 (2) any other information the commission requires.

18 (d) A carrier transporting malt beverages as authorized by
19 Subsection (b)(2) must hold a carrier permit issued under Chapter
20 41 and the provisions of Chapter 41 relating to the transportation
21 of liquor apply to the transportation of the malt beverages. A
22 carrier may not transport malt beverages into the state unless it is
23 consigned to an importer.

24 SECTION 231. Section 66.03(a), Alcoholic Beverage Code, is
25 amended to read as follows:

26 (a) Except as provided in Subsection (b) [~~of this section~~],
27 a branch distributor's license may be issued only to the holder of a

1 general distributor's license who first has obtained the primary
2 license in the county of the licensee's [~~his~~] residence or
3 domicile. The branch distributor's license may be issued for
4 premises in any county where the sale of malt beverages [~~beer~~] is
5 legal.

6 SECTION 232. Section 66.07, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 66.07. SALE OF MALT BEVERAGES [~~BEER~~] TO PRIVATE CLUBS.
9 The holder of a branch distributor's license may sell and deliver
10 malt beverages [~~beer~~] to private clubs located in wet areas without
11 having to secure a prior order. All sales made under the authority
12 of this section must be made in accordance with Sections 61.73 and
13 102.31 [~~of this code~~].

14 SECTION 233. Section 66.11, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 66.11. MALT BEVERAGES [~~BEER~~] FOR EXPORT. (a) In this
17 section "malt beverages [~~beer~~] for export" means malt beverages
18 [~~beer~~] a distributor holds for export to another state in which the
19 distributor has been assigned a territory for the distribution and
20 sale of the malt beverages [~~beer~~]. The term includes malt beverages
21 [~~beer~~] that are [~~is~~] illegal to sell in this state because of
22 alcohol content, containers, packages, or labels.

23 (b) The holder of a branch distributor's license who
24 receives malt beverages [~~beer~~] for export from the holder of a
25 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
26 license may:

27 (1) store the malt beverages [~~beer~~] for export at the

1 distributor's premises;

2 (2) transport the malt beverages [~~beer~~] for export
3 outside the state in the distributor's own vehicles; or

4 (3) deliver the malt beverages [~~beer~~] for export to a
5 common carrier for export and delivery outside the state.

6 (c) The holder of a branch distributor's license is not
7 liable for any state tax on the malt beverages [~~beer~~] for export.

8 (d) Section 101.67 does not apply to malt beverages [~~beer~~]
9 for export.

10 SECTION 234. Section 69.01, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 69.01. AUTHORIZED ACTIVITIES. The holder of a retail
13 dealer's on-premise license may sell malt beverages [~~beer~~] in or
14 from any lawful container to the ultimate consumer for consumption
15 on or off the premises where sold. The licensee may not sell malt
16 beverages [~~beer~~] for resale.

17 SECTION 235. Section 69.04, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 69.04. HOTELS NOT DISQUALIFIED. The fact that a hotel
20 holds a permit to sell distilled spirits in unbroken packages does
21 not disqualify the hotel from also obtaining a license to sell malt
22 beverages [~~beer~~] for on-premises consumption.

23 SECTION 236. Effective December 31, 2020, Sections
24 69.06(a), (b), and (c), Alcoholic Beverage Code, are amended to
25 read as follows:

26 (a) The commission [~~county judge~~] shall deny an original
27 application for a retail dealer's on-premise license if the

1 commission [~~county judge~~] finds that the applicant or the
2 applicant's spouse, during the five years immediately preceding the
3 application, was finally convicted of a felony or one of the
4 following offenses:

- 5 (1) prostitution;
- 6 (2) a vagrancy offense involving moral turpitude;
- 7 (3) bookmaking;
- 8 (4) gambling or gaming;
- 9 (5) an offense involving controlled substances as
10 defined in the Texas Controlled Substances Act, including an
11 offense involving a synthetic cannabinoid, or an offense involving
12 other dangerous drugs;
- 13 (6) a violation of this code resulting in the
14 cancellation of a license or permit, or a fine of not less than
15 \$500;
- 16 (7) more than three violations of this code relating
17 to minors;
- 18 (8) bootlegging; or
- 19 (9) an offense involving firearms or a deadly weapon.

20 (b) The commission [~~county judge~~] shall also deny an
21 original application for a license if the commission [~~he~~] finds
22 that five years has not elapsed since the termination of a sentence,
23 parole, or probation served by the applicant or the applicant's
24 spouse because of a felony conviction or conviction of any of the
25 offenses described in Subsection (a) [~~of this section~~].

26 (c) The commission shall deny an application for [~~refuse to~~
27 ~~issue~~] a renewal of a retail dealer's on-premise license if it

1 finds:

2 (1) that the applicant or the applicant's spouse has
3 been finally convicted of a felony or one of the offenses listed in
4 Subsection (a) [~~of this section~~] at any time during the five years
5 immediately preceding the filing of the application for renewal; or

6 (2) that five years has not elapsed since the
7 termination of a sentence, parole, or probation served by the
8 applicant or the applicant's spouse because of a felony prosecution
9 or prosecution for any of the offenses described in Subsection (a)
10 [~~of this section~~].

11 SECTION 237. Section 69.10, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 69.10. STORING OR POSSESSING MALT BEVERAGES [~~BEER~~] OFF
14 PREMISES PROHIBITED. No holder of a retail dealer's on-premise
15 license may own, possess, or store malt beverages [~~beer~~] for the
16 purpose of resale except on the licensed premises.

17 SECTION 238. Section 69.11, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 69.11. EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES
20 [~~BEER~~] BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP. The owner
21 of two or more licensed retail premises may not exchange or
22 transport malt beverages [~~beer~~] between them unless all of the
23 conditions set out in Section 24.04 [~~of this code~~] are met, except
24 that malt beverages [~~beer~~] may be transferred between two licensed
25 retail premises that are both covered by package store permits as
26 provided in Section 22.08 [~~of this code~~].

27 SECTION 239. Section 69.13, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 69.13. BREACH OF PEACE: RETAIL ESTABLISHMENT. The
3 commission or administrator may suspend or cancel the license of a
4 retail malt beverage [~~beer~~] dealer after giving the licensee notice
5 and the opportunity to show compliance with all requirements of law
6 for retention of the license if it finds that a breach of the peace
7 has occurred on the licensed premises or on premises under the
8 licensee's control and that the breach of the peace was not beyond
9 the control of the licensee and resulted from the licensee's [~~his~~]
10 improper supervision of persons permitted to be on the licensed
11 premises or on premises under the licensee's [~~his~~] control.

12 SECTION 240. Section 69.17(a), Alcoholic Beverage Code, is
13 amended to read as follows:

14 (a) Notwithstanding any other provision of this code, a
15 license under this chapter may be issued for a premises in an area
16 in which the voters have approved the following alcoholic beverage
17 ballot issues in a local option election:

18 (1) "The legal sale of malt beverages [~~beer~~] and wine
19 for off-premise consumption only."; and

20 (2) either:

21 (A) "The legal sale of mixed beverages."; or

22 (B) "The legal sale of mixed beverages in
23 restaurants by food and beverage certificate holders only."

24 SECTION 241. Chapter 69, Alcoholic Beverage Code, is
25 amended by adding Section 69.18 to read as follows:

26 Sec. 69.18. SALES AT TEMPORARY LOCATION. (a) The holder of
27 a retail dealer's on-premise license may temporarily sell malt

1 beverages in or from any lawful container to ultimate consumers:

2 (1) at a picnic, celebration, or similar event; and

3 (2) in the county where the license is issued.

4 (b) The holder of a retail dealer's on-premise license may
5 temporarily sell malt beverages under this section for not more
6 than four consecutive days at the same location.

7 (c) The commission shall adopt rules to implement this
8 section, including rules that:

9 (1) require the license holder to notify the
10 commission of the dates on which and location where the license
11 holder will temporarily offer malt beverages for sale under this
12 section;

13 (2) establish a procedure to verify the wet or dry
14 status of the location where the license holder intends to
15 temporarily sell malt beverages under this section;

16 (3) detail the circumstances when a license holder may
17 temporarily sell malt beverages under this section with just a
18 notification to the commission and the circumstances that require
19 the commission's preapproval before a license holder may
20 temporarily sell malt beverages under this section; and

21 (4) require the license holder to provide any other
22 information the commission determines necessary.

23 SECTION 242. Section 71.01, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 71.01. AUTHORIZED ACTIVITIES. The holder of a retail
26 dealer's off-premise license may sell malt beverages [~~beer~~] in
27 lawful containers to consumers, but not for resale and not to be

1 opened or consumed on or near the premises where sold.

2 SECTION 243. Section 71.06, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 71.06. STORING OR POSSESSING MALT BEVERAGES [~~BEER~~] OFF
5 PREMISES PROHIBITED. A [~~No~~] holder of a retail dealer's
6 off-premise license may not own, possess, or store malt beverages
7 [~~beer~~] for the purpose of resale except on the licensed premises.

8 SECTION 244. Section 71.07, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 71.07. EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES
11 [~~BEER~~] BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP. Section
12 69.11 [~~of this code~~] relates to the exchange or transportation of
13 malt beverages [~~beer~~] between licensed premises by retail dealers.

14 SECTION 245. Section 71.09, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 71.09. BREACH OF PEACE: RETAIL ESTABLISHMENT. The
17 application of sanctions for the occurrence of a breach of the peace
18 at a retail malt beverage [~~beer~~] establishment is covered by
19 Section 69.13 [~~of this code~~].

20 SECTION 246. Section 71.10(a), Alcoholic Beverage Code, is
21 amended to read as follows:

22 (a) Each holder of a retail dealer's off-premise license
23 shall display in a prominent place on the licensee's [~~his~~] premises
24 a sign stating in letters at least two inches high: IT IS A CRIME
25 (MISDEMEANOR) TO CONSUME LIQUOR OR MALT BEVERAGES [~~BEER~~] ON THESE
26 PREMISES.

27 SECTION 247. Section 71.11, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 71.11. MALT BEVERAGE [~~BEER~~] SAMPLING. (a) The holder
3 of a retail dealer's off-premise license may conduct free product
4 samplings of malt beverages [~~beer~~] on the license holder's premises
5 during regular business hours as provided by this section.

6 (b) An agent or employee of the holder of a retail dealer's
7 off-premise license may open, touch, or pour malt beverages [~~beer~~],
8 make a presentation, or answer questions at a sampling event.

9 (c) For the purposes of this code and any other law or
10 ordinance:

11 (1) a retail dealer's off-premise license does not
12 authorize the sale of alcoholic beverages for on-premise
13 consumption; and

14 (2) none of the license holder's income may be
15 considered to be income from the sale of alcoholic beverages for
16 on-premise consumption.

17 (d) Any malt beverages [~~beer~~] used in a sampling event under
18 this section must be purchased from or provided by the retailer on
19 whose premises the sampling event is held.

20 SECTION 248. (a) Effective September 1, 2019, the heading
21 to Chapter 73, Alcoholic Beverage Code, is amended to read as
22 follows:

23 CHAPTER 73. [~~AGENT'S~~] BEER AGENT [~~LICENSE~~]

24 (b) Effective September 1, 2021, the heading to Chapter 73,
25 Alcoholic Beverage Code, is amended to read as follows:

26 CHAPTER 73. MALT BEVERAGE AGENT [~~AGENT'S BEER LICENSE~~]

27 SECTION 249. (a) Effective September 1, 2019, Section

1 73.01, Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 73.01. AUTHORIZED ACTIVITIES. (a) Subject to the
3 limitations imposed in Section 73.011 [~~of this code~~] or elsewhere
4 in this code, a person [~~the holder of an agent's beer license,~~]
5 acting as an employee or representative of a licensed manufacturer
6 of beer located inside or outside the state or as an employee or
7 representative of a licensed distributor[7] may:

8 (1) promote the sale of beer through methods such as
9 solicitation, display, advertising, and personal contact with
10 licensed retailers of beer and their agents, servants, and
11 employees, and with consumers of beer; and

12 (2) sell beer and offer it for sale.

13 (b) A person acting as a beer agent may represent only one
14 permitted or licensed business at a time while soliciting or taking
15 orders.

16 (b) Effective September 1, 2021, Section 73.01, Alcoholic
17 Beverage Code, is amended to read as follows:

18 Sec. 73.01. AUTHORIZED ACTIVITIES. (a) Subject to the
19 limitations imposed in Section 73.011 [~~of this code~~] or elsewhere
20 in this code, a person [~~the holder of an agent's beer license,~~]
21 acting as an employee or representative of a licensed brewer
22 [~~manufacturer~~] of malt beverages [~~beer~~] located inside or outside
23 the state or as an employee or representative of a licensed
24 distributor[7] may:

25 (1) promote the sale of malt beverages [~~beer~~] through
26 methods such as solicitation, display, advertising, and personal
27 contact with licensed retailers of malt beverages [~~beer~~] and their

1 agents, servants, and employees, and with consumers of malt
2 beverages [~~beer~~]; and

3 (2) sell malt beverages [~~beer~~] and offer them [~~it~~] for
4 sale.

5 (b) A person acting as a malt beverage agent may represent
6 only one permitted or licensed business at a time while soliciting
7 or taking orders.

8 SECTION 250. (a) Effective September 1, 2019, Section
9 73.011, Alcoholic Beverage Code, is amended to read as follows:

10 Sec. 73.011. LIMITATIONS ON AUTHORITY OF [~~AGENT'S~~] BEER
11 AGENT [~~LICENSEE~~]. (a) A person [~~holder of an agent's beer license~~]
12 who is an employee or agent of a manufacturer's licensee or a
13 nonresident manufacturer's licensee may not represent that the
14 person [~~holder~~] is the agent of or is acting on behalf of a licensed
15 distributor. An agent may not engage in conduct that is prohibited
16 by Section 102.75 [~~of this code~~] or other provisions of this code.

17 (b) A [~~holder of an agent's~~] beer agent [~~license~~] may not
18 make a representation, solicitation, or offer that this code or the
19 rules of the commission prohibits the agent's employer from
20 offering, making, or fulfilling.

21 (b) Effective September 1, 2021, Section 73.011, Alcoholic
22 Beverage Code, is amended to read as follows:

23 Sec. 73.011. LIMITATIONS ON AUTHORITY OF MALT BEVERAGE
24 AGENT [~~AGENT'S BEER LICENSEE~~]. (a) A person [~~holder of an agent's~~
25 ~~beer license~~] who is an employee or agent of a brewer's
26 [~~manufacturer's~~] licensee or a nonresident brewer's
27 [~~manufacturer's~~] licensee may not represent that the person

1 ~~[holder]~~ is the agent of or is acting on behalf of a licensed
2 distributor. A malt beverage ~~[An]~~ agent may not engage in conduct
3 that is prohibited by Section 102.75 ~~[of this code]~~ or other
4 provisions of this code.

5 (b) A malt beverage agent ~~[A holder of an agent's beer~~
6 ~~license]~~ may not make a representation, solicitation, or offer that
7 this code or the rules of the commission prohibits the agent's
8 employer from offering, making, or fulfilling.

9 SECTION 251. Section 74.01, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 74.01. AUTHORIZED ACTIVITIES. (a) A holder of a
12 brewpub license for a brewpub located in a wet area, as that term is
13 described by Section 251.71 ~~[of this code]~~, may:

14 (1) ~~[manufacture,]~~ brew, bottle, can, package, and
15 label malt beverages ~~[liquor, ale, and beer];~~

16 (2) sell or offer without charge, on the premises of
17 the brewpub, to ultimate consumers for consumption on or off those
18 premises, malt beverages ~~[liquor, ale, or beer]~~ produced by the
19 holder, in or from a lawful container, to the extent the sales or
20 offers are allowed under the holder's other permits or licenses;
21 and

22 (3) sell food on the premises of the holder's
23 breweries.

24 (b) The holder of a brewpub license may establish, operate,
25 or maintain one or more licensed brewpubs in this state under the
26 same general management or ownership. The holder shall pay the fee
27 assessed by the commission for each establishment. For the

1 purposes of this subsection, two or more establishments are under
2 the same general management or ownership if:

3 (1) the establishments bottle the same brand of malt
4 beverage [~~liquor, beer, or ale~~] or bottle malt beverages [~~liquor,~~
5 ~~beer, or ale~~] brewed by the same brewer [~~manufacturer~~]; or

6 (2) the person, regardless of domicile, who
7 establishes, operates, or maintains the establishments is
8 controlled or directed by one management or by an association of
9 ultimate management.

10 (c) A holder of a brewpub license must also hold a wine and
11 malt beverage [~~beer~~] retailer's permit, a mixed beverage permit, or
12 a retail dealer's on-premise license.

13 (d) The holder of a brewpub license may not hold or have an
14 interest either directly or indirectly, or through a subsidiary,
15 affiliate, agent, employee, officer, director, or other person, in
16 a brewer's [~~manufacturer's~~] or distributor's license or any other
17 license or permit in the manufacturing or wholesaling levels of the
18 alcoholic beverage industry regardless of the specific names given
19 to permits or licenses in Title 3 of this code. The holder shall be
20 considered a "retailer" for purposes of Section 102.01 [~~of this~~
21 ~~code~~].

22 (e) [~~A holder of a retail dealer's on-premise license who~~
23 ~~obtains a brewpub license may not manufacture, brew, bottle, can,~~
24 ~~package, label, sell, or offer without charge malt liquor or ale.~~

25 [~~(g)~~] The holder of a brewpub license may deliver malt
26 beverages brewed [~~liquor, ale, or beer manufactured~~] by the holder
27 to a location other than the holder's premises for the purpose of

1 submitting the malt beverages [~~liquor, ale, or beer~~] for an
2 evaluation at an organized malt beverage [~~liquor, ale, or beer~~]
3 tasting, competition, or review. At a tasting, competition, or
4 review, a holder of a brewpub license may:

5 (1) dispense without charge malt beverages brewed
6 [~~liquor, ale, or beer manufactured~~] by the holder to a person
7 attending the event for consumption on the premises of the event;
8 and

9 (2) discuss with a person attending the event the
10 brewing [~~manufacturing~~] and characteristics of the malt beverages
11 [~~liquor, ale, or beer~~].

12 SECTION 252. Section 74.03, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 74.03. PRODUCTION LIMIT. The total annual production
15 of malt beverages [~~liquor, ale, and beer~~] by a holder of a brewpub
16 license may not exceed 10,000 barrels for each licensed brewpub.

17 SECTION 253. Section 74.04, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 74.04. LICENSE APPLICATION, RENEWAL, AND MAINTENANCE;
20 RECORDS; LICENSE ISSUANCE. All provisions of this code that apply
21 to a brewpub licensee's wine and malt beverage [~~beer~~] retailer's
22 permit, mixed beverage permit, or retail dealer's on-premise
23 license also apply to the brewpub license.

24 SECTION 254. (a) Effective December 31, 2020, Section
25 74.05, Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 74.05. STATEMENT OF INTENT. An applicant for a
27 brewpub license shall file with the application a sworn statement

1 that the applicant shall be engaged in the business of brewing and
2 packaging malt liquor, ale, or beer in this state in quantities
3 sufficient to operate a brewpub not later than six months after the
4 date of issuance of the original license. If the applicant is a
5 corporation, the statement must be signed by a principal corporate
6 officer. The commission[~~, administrator, or county judge~~] may not
7 issue a brewpub license to an applicant who does not submit the
8 required sworn statement with the application for a license.

9 (b) Effective September 1, 2021, Section 74.05, Alcoholic
10 Beverage Code, is amended to read as follows:

11 Sec. 74.05. STATEMENT OF INTENT. An applicant for a
12 brewpub license shall file with the application a sworn statement
13 that the applicant shall be engaged in the business of brewing and
14 packaging malt beverages [~~liquor, ale, or beer~~] in this state in
15 quantities sufficient to operate a brewpub not later than six
16 months after the date of issuance of the original license. If the
17 applicant is a corporation, the statement must be signed by a
18 principal corporate officer. The commission[~~, administrator, or~~
19 ~~county judge~~] may not issue a brewpub license to an applicant who
20 does not submit the required sworn statement with the application
21 for a license.

22 SECTION 255. Section 74.06, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 74.06. QUALITY STANDARDS. Brewing [~~Manufacturing or~~
25 ~~brewing~~] equipment used by a holder of a brewpub license, and
26 process, labeling, and packaging conducted by a holder of a brewpub
27 license, shall conform to standards and tax requirements imposed by

1 this code and the commission's rules for the brewing [~~manufacture~~]
 2 of malt beverages [~~beer and the brewing of ale and malt liquor~~] and
 3 shall conform to any standards that may be applied by the agency of
 4 the United States charged with supervising and inspecting the
 5 [~~manufacture and~~] brewing of alcoholic beverages.

6 SECTION 256. Section 74.07, Alcoholic Beverage Code, is
 7 amended to read as follows:

8 Sec. 74.07. CONTAINER SIZE. In addition to any other
 9 container for [~~beer, ale, or~~] malt beverages [~~liquor~~] authorized
 10 elsewhere in this code, a holder of a brewpub license may store or
 11 serve to consumers [~~beer, ale, or~~] malt beverages brewed [~~liquor~~
 12 ~~manufactured~~] by the holder of the license at the premises of the
 13 brewpub license from any container having the capacity of one
 14 barrel or whole multiples of one barrel.

15 SECTION 257. Sections 74.08(a) and (d), Alcoholic Beverage
 16 Code, are amended to read as follows:

17 (a) In addition to the activities authorized by Section
 18 74.01, the holder of a brewpub license who holds a wine and malt
 19 beverage [~~beer~~] retailer's permit and whose sale of [~~beer, ale, or~~]
 20 malt beverages [~~liquor~~] consists only of [~~beer, ale, or~~] malt
 21 beverages brewed [~~liquor manufactured~~] on the brewpub's premises
 22 may[+]

23 [~~(1) sell malt liquor or ale produced under the~~
 24 ~~license to those retailers or qualified persons to whom the holder~~
 25 ~~of a general class B wholesaler's permit may sell malt liquor or ale~~
 26 ~~under Section 20.01, and~~

27 [(2)] sell malt beverages [~~beer~~] produced under the

1 license to:

2 (1) [~~(A)~~] those retailers to whom the holder of a
3 general distributor's license may sell malt beverages [~~beer~~] under
4 Section 64.01; or

5 (2) [~~(B)~~] qualified persons to whom the holder of a
6 general distributor's license may sell malt beverages [~~beer~~] for
7 shipment and consumption outside the state under Section 64.01.

8 (d) The total amount of malt beverages [~~liquor, ale, and~~
9 ~~beer~~] sold under this section to persons in this state may not
10 exceed 1,000 barrels annually for each licensed brewpub location or
11 2,500 barrels annually for all brewpubs operated by the same
12 licensee.

13 SECTION 258. Section 74.09, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 74.09. SALES TO DISTRIBUTORS. (a) In addition to the
16 activities authorized by Section 74.01, the holder of a brewpub
17 license may sell malt beverages [~~beer~~] produced under the license
18 to the holder of a general[~~, local,~~] or branch distributor's
19 license.

20 (b) The holder of a brewpub license who sells malt beverages
21 [~~beer~~] under Subsection (a) shall comply with the requirements of
22 Section 102.51.

23 SECTION 259. Effective December 1, 2020, Section 81.003,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 81.003. SUBMISSION OF INFORMATION BY CERTAIN
26 OFFICIALS. For the purposes of Section 81.004 or 81.005, the
27 district or county attorney of the county or the city attorney of

1 the city in which the premises are located may provide information
2 to the commission[~~, administrator, or county judge, as~~
3 ~~appropriate,~~] indicating that the holder of, or applicant for, a
4 permit or license covering the premises has used or can reasonably
5 be expected to use or allow others to use the premises in a manner
6 that constitutes a common nuisance.

7 SECTION 260. Effective December 31, 2020, Section 81.004,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 81.004. APPLICATION FOR ORIGINAL OR RENEWAL PERMIT OR
10 LICENSE. The commission[~~, administrator, or county judge, as~~
11 ~~applicable,~~] may deny an application for [~~refuse to issue~~] an
12 original or renewal permit or license as provided by Section
13 11.43[~~, after notice and an opportunity for a hearing,~~] if the
14 commission[~~, administrator, or county judge~~] finds that, at any
15 time during the 12 months preceding the permit or license
16 application, a common nuisance existed on the premises for which
17 the permit or license is sought, regardless of whether the acts
18 constituting the common nuisance were engaged in by the applicant
19 or whether the applicant controlled the premises at the time the
20 common nuisance existed. The commission[~~, administrator, or~~
21 ~~county judge, as applicable,~~] may issue an original or renewal
22 permit or license if[~~, at the hearing,~~] it is found that the
23 applicant did not control the premises at the time the common
24 nuisance existed and the applicant has taken reasonable measures to
25 abate the common nuisance.

26 SECTION 261. Effective December 31, 2020, Section 81.006,
27 Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 81.006. ORDER IMPOSING ADDITIONAL CONDITIONS ON PERMIT
2 OR LICENSE HOLDER. (a) The commission[~~, administrator, or county~~
3 ~~judge, as applicable,~~] may, after notice and hearing [under Section
4 ~~81.004 or 81.005~~], issue an order imposing any condition on a permit
5 or license holder that is reasonably necessary to abate a common
6 nuisance on the premises.

7 (b) The commission [~~or administrator~~] may suspend for not
8 more than 60 days or cancel the permit or license of a permit or
9 license holder who violates an order issued under this
10 section. The commission [~~or administrator~~] may offer the permit or
11 license holder the opportunity to pay a civil penalty rather than
12 have the permit or license suspended.

13 SECTION 262. Effective December 31, 2020, Sections
14 ~~81.007(a), (b), (b-1), and (c), Alcoholic Beverage Code, are~~
15 amended to read as follows:

16 (a) Before holding a hearing and making a determination
17 under Section ~~81.004 or 81.005~~, the commission[~~, administrator, or~~
18 ~~county judge, as applicable,~~] may, if there is evidence showing a
19 reasonable likelihood that a common nuisance exists on the premises
20 for which the permit or license is held or sought, issue an order
21 imposing any condition on the permit or license holder or the
22 applicant for the permit or license that is reasonably necessary to
23 abate a common nuisance on the premises. An order issued under
24 this section is effective until:

25 (1) the expiration of the time for appealing the
26 determination under Section ~~81.004 or 81.005~~; or

27 (2) if the determination is appealed, until all

1 appeals are finally decided.

2 (b) A hearings officer [~~or county judge~~] may issue an order
3 under this section on the hearings officer's [~~or county judge's~~] own
4 motion or the motion of a person listed in Section 81.003 or, for an
5 original or renewal permit or license application, any individual
6 entitled to protest the issuance of the original or renewal permit
7 or license.

8 (b-1) If an individual [~~other than a person described in~~
9 ~~Subsection (b)~~] who is entitled to protest the issuance of the
10 original or renewal permit or license files a motion for a temporary
11 order under this section, the commission[~~, administrator, or county~~
12 ~~judge, as applicable,~~] may not issue a temporary order without
13 conducting a hearing.

14 (c) The commission [~~hearings officer or county judge~~] may
15 impose any sanction on a person who violates an order issued under
16 Subsection (a) that is necessary to secure compliance with the
17 order.

18 SECTION 263. Effective December 31, 2020, Sections
19 101.01(c) and (d), Alcoholic Beverage Code, are amended to read as
20 follows:

21 (c) If the court finds that a person has violated a
22 restraining order or injunction issued under this section, it shall
23 enter a judgment to that effect. The judgment operates to cancel
24 without further proceedings any license or permit held by the
25 person. The district clerk [~~shall notify the county judge of the~~
26 ~~county where the premises covered by the permit or license are~~
27 ~~located and~~] shall notify the commission when a judgment is entered

1 that operates to cancel a license or permit.

2 (d) A [~~No~~] license or permit may not be issued to a person
3 whose license or permit is cancelled under Subsection (c) until the
4 first anniversary of the date the license or permit is cancelled [~~of~~
5 ~~this section for one year after the cancellation~~].

6 SECTION 264. Section 101.32(b), Alcoholic Beverage Code, is
7 amended to read as follows:

8 (b) Possession in a dry area of more than 24 twelve-ounce
9 bottles of malt beverages [~~beer~~], or an equivalent amount, is prima
10 facie evidence of possession with intent to sell.

11 SECTION 265. Section 101.41, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 101.41. CONTAINERS, PACKAGING, AND DISPENSING
14 EQUIPMENT OF MALT BEVERAGES [~~BEER~~]: LABELS. (a) A brewer [~~No~~
15 ~~manufacturer~~] or distributor, directly or indirectly or through a
16 subsidiary, affiliate, agent, employee, officer, director, or firm
17 member, may not brew [~~manufacture~~], sell, or otherwise introduce
18 into commerce any container, packaging, or dispensing equipment of
19 malt beverages [~~beer~~] that does not meet the requirements of this
20 section.

21 (b) Every container of malt beverages [~~beer~~] must have a
22 label or imprint in legible type showing the full name and address
23 of the brewer [~~manufacturer~~] and, if it contains a special brand
24 brewed for a distributor, of the distributor. Any box, crate,
25 carton, or similar device in which containers of malt beverages
26 [~~beer~~] are sold or transported must have a label meeting the same
27 requirements.

1 (c) The label of a container of malt beverages [~~beer~~] must
2 state:

3 (1) the net contents in terms of United States liquor
4 measure; and

5 (2) the alcohol content by volume.

6 (d) A [~~No~~] container, packaging material, or dispensing
7 equipment may not bear a label or imprint that:

8 (1) by wording, lettering, numbering, or
9 illustration, or in any other manner refers or alludes to or
10 suggests a brewing [~~manufacturing~~] process, aging, analysis, or a
11 scientific fact;

12 (2) refers or alludes to the "proof," "balling," or
13 "extract" of the product;

14 (3) is untrue in any respect; or

15 (4) by ambiguity, omission, or inference tends to
16 create a misleading impression, or causes or is calculated to cause
17 deception of the consumer with respect to the product.

18 SECTION 266. Section 101.42, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 101.42. RETURNABLE CONTAINER: ACCEPTANCE BY ANOTHER
21 BREWER [~~MANUFACTURER~~]. A brewer [~~No manufacturer~~] of malt
22 beverages [~~beer~~] may not purchase, accept as a return, or use a
23 barrel, half-barrel, keg, case, or bottle permanently branded or
24 imprinted with the name of another brewer [~~manufacturer~~].

25 SECTION 267. Section 101.43(a), Alcoholic Beverage Code, is
26 amended to read as follows:

27 (a) A brewer [~~No manufacturer~~] or distributor, directly or

1 indirectly, or through a subsidiary, affiliate, agent, employee,
2 officer, director, or firm member, may not sell or otherwise
3 introduce into commerce a brewery product that is misbranded.

4 SECTION 268. Section 101.46(b), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (b) Subsection (a) [~~of this section~~] does not apply to
7 permittees or licensees while engaged in supplying [~~airline~~
8 ~~beverage~~], mixed beverage permittees[~~7~~] or passenger
9 transportation [~~bus beverage~~] permittees under Section 48.03 or
10 48.05, nor to the possession or sale of liquor by a [~~an airline~~
11 ~~beverage~~], mixed beverage permittee[~~7~~] or a passenger
12 transportation [~~bus beverage~~] permittee under Section 48.03 or
13 48.05, but none of the permittees or licensees covered by this
14 subsection may possess liquor in a container with a capacity of less
15 than one fluid ounce.

16 SECTION 269. Section 101.48, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 101.48. COMMISSION'S REGULATORY AUTHORITY. Sections
19 5.39 and 5.40 [~~of this code~~] relate to the commission's authority to
20 regulate liquor containers and malt beverage [~~beer~~] container
21 deposits.

22 SECTION 270. Section 101.66, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT
25 PROHIBITED. A [~~No~~] person may not manufacture, sell, barter, or
26 exchange a beverage that contains more than [~~alcohol in excess of~~]
27 one-half of one percent alcohol by volume and not more than five

1 ~~[four]~~ percent ~~[of]~~ alcohol by volume ~~[weight]~~, except malt
2 beverages ~~[beer]~~, wine coolers, and spirit coolers.

3 SECTION 271. (a) Effective December 31, 2020, Section
4 101.67, Alcoholic Beverage Code, is amended to read as follows:

5 Sec. 101.67. PRIOR APPROVAL OF MALT BEVERAGES. (a) Before
6 an authorized licensee ~~[No person]~~ may ship or cause to be shipped
7 into the state, import into the state, manufacture and offer for
8 sale in the state, or distribute, sell, or store in the state any
9 ~~[beer, ale, or]~~ malt beverages, the licensee must register the malt
10 beverages with the commission. The registration application must
11 include a certificate of label approval issued by the United States
12 Alcohol and Tobacco Tax and Trade Bureau for the product ~~[liquor~~
13 ~~unless:~~

14 ~~[(1) a sample of the beverage or a sample of the same~~
15 ~~type and quality of beverage has been first tested to verify the~~
16 ~~alcohol content of the beverage by:~~

17 ~~[(A) an independent laboratory,~~

18 ~~[(B) a laboratory certified by the United States~~
19 ~~Alcohol and Tobacco Tax and Trade Bureau or its successor agency as~~
20 ~~qualified for the analysis of beer for export, or~~

21 ~~[(C) the commission, and~~

22 ~~[(2) the label of the beverage has been first~~
23 ~~submitted to the commission or its representative and found to~~
24 ~~comply with all provisions of this code relating to the labeling of~~
25 ~~the particular type of beverage].~~

26 (b) Only a brewer's or nonresident brewer's permittee, a
27 manufacturer's or nonresident manufacturer's licensee, or a brewpub

1 licensee may apply to register [~~for and receive label approval on~~
2 ~~beer, ale, or~~] malt beverages with the commission [~~liquor~~].

3 (c) This section does not apply to the importation of beer
4 for personal consumption and not for sale.

5 (d) On registration of a certificate of label approval
6 issued by the United States Alcohol and Tobacco Tax and Trade
7 Bureau, the commission shall approve the product under this section
8 and issue a letter to that effect to the licensee unless the
9 commission determines the product, despite having a valid federal
10 certificate of label approval, would create a public safety
11 concern, create a cross-tier violation, or otherwise violate this
12 code. [~~If the commission determines that the product tested and~~
13 ~~label submitted under Subsection (a) comply with the provisions of~~
14 ~~this code and the rules of the commission,~~]

15 (d-1) If the commission approves the product, the
16 commission shall issue a certificate of approval upon receipt of a
17 fee in an amount that is sufficient to cover the cost of
18 administering this section. A copy of the certificate shall be kept
19 on file in the office of the commission.

20 (e) Not later than the 30th day after the date the
21 commission receives an application for registration of a product
22 under this section, the commission shall either approve or deny the
23 registration application. If the commission denies the application
24 for a product with a valid federal certificate of label approval or
25 fails to act on the application within the time required by this
26 subsection, the licensee submitting the application is entitled to
27 an administrative hearing before the State Office of Administrative

1 Hearings [~~The commission may require proof by affidavit or~~
2 ~~otherwise that a laboratory performing a test under Subsection~~
3 ~~(a)(1)(A) is independent~~].

4 (f) The commission by rule shall establish procedures for:

5 (1) accepting federal certificates of label approval
6 for registration under this section;

7 (2) registering alcoholic beverage products that are
8 not eligible to receive a certificate of label approval issued by
9 the United States Alcohol and Tobacco Tax and Trade Bureau; and

10 (3) registering alcoholic beverage products during
11 periods when the United States Alcohol and Tobacco Tax and Trade
12 Bureau has ceased processing applications for a certificate of
13 label approval.

14 (g) The commission shall consider the nutrition label
15 requirements of the United States Food and Drug Administration and
16 the alcohol label requirements of the United States Alcohol and
17 Tobacco Tax and Trade Bureau in developing the label requirements
18 to register products described by Subsection (f)(2).

19 (h) The rules adopted under this section may not require
20 testing for alcohol content as part of the process for registering
21 an alcoholic beverage with the commission.

22 (b) Effective September 1, 2021, Sections 101.67(b) and (c),
23 Alcoholic Beverage Code, are amended to read as follows:

24 (b) Only a brewer's [~~or nonresident brewer's permittee, a~~
25 ~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~] licensee,
26 or a brewpub licensee may apply to register [~~for and receive label~~
27 ~~approval on beer, ale, or~~] malt beverages with the commission

1 [~~liquor~~].

2 (c) This section does not apply to the importation of malt
3 beverages [~~beer~~] for personal consumption and not for sale.

4 SECTION 272. (a) Effective September 1, 2019, Subchapter
5 D, Chapter 101, Alcoholic Beverage Code, is amended by adding
6 Section 101.6701 to read as follows:

7 Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT
8 BEVERAGES. (a) This section applies only to:

9 (1) the holder of a brewer's permit authorized under
10 Section 12.052 to sell ale produced on the brewer's premises under
11 the permit to ultimate consumers on the brewer's premises for
12 responsible consumption on the brewer's premises and for
13 off-premises consumption; and

14 (2) the holder of a manufacturer's license authorized
15 under Section 62.122 to sell beer produced on the manufacturer's
16 premises under the license to ultimate consumers on the
17 manufacturer's premises for responsible consumption on the
18 manufacturer's premises and for off-premises consumption.

19 (b) Notwithstanding Sections 101.41 and 101.67 or any other
20 law, a permit or license holder to whom this section applies may
21 sell beer, ale, or malt liquor to ultimate consumers for
22 consumption on the permit or license holder's premises or for
23 off-premises consumption without receiving label approval for the
24 beer, ale, or malt liquor.

25 (c) A permit or license holder who sells beer, ale, or malt
26 liquor under Subsection (b) shall:

27 (1) post in a conspicuous place on the permit or

1 license holder's premises the alcohol content of the beer, ale, or
2 malt liquor in percentage of alcohol by volume; and

3 (2) provide in writing to an ultimate consumer who
4 purchases beer, ale, or malt liquor for off-premises consumption:

5 (A) the product name of the beer, ale, or malt
6 liquor; and

7 (B) the alcohol content of the beer, ale, or malt
8 liquor in percentage of alcohol by volume.

9 (d) A permit or license holder satisfies the requirement of
10 Subsection (c)(2) if the permit or license holder:

11 (1) writes the product name and alcohol content on the
12 container of the beer, ale, or malt liquor; or

13 (2) applies a label with the product name and alcohol
14 content to the container of the beer, ale, or malt liquor.

15 (b) Effective September 1, 2021, Subchapter D, Chapter 101,
16 Alcoholic Beverage Code, is amended by adding Section 101.6701 to
17 read as follows:

18 Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT
19 BEVERAGES. (a) This section applies only to the holder of a
20 brewer's license authorized under Section 62.122 to sell malt
21 beverages produced on the brewer's premises under the license to
22 ultimate consumers on the brewer's premises for responsible
23 consumption on the brewer's premises and for off-premises
24 consumption.

25 (b) Notwithstanding Sections 101.41 and 101.67 or any other
26 law, a license holder to whom this section applies may sell malt
27 beverages to ultimate consumers for consumption on the license

1 holder's premises or for off-premises consumption without
2 receiving label approval for the malt beverages.

3 (c) A license holder who sells malt beverages under
4 Subsection (b) shall:

5 (1) post in a conspicuous place on the license holder's
6 premises the alcohol content of the malt beverages in percentage of
7 alcohol by volume; and

8 (2) provide in writing to an ultimate consumer who
9 purchases a malt beverage for off-premises consumption:

10 (A) the product name of the malt beverage; and

11 (B) the alcohol content of the malt beverage in
12 percentage of alcohol by volume.

13 (d) A license holder satisfies the requirements of
14 Subsection (c)(2) if the license holder:

15 (1) writes the product name and alcohol content on the
16 container of the malt beverage; or

17 (2) applies a label with the product name and alcohol
18 content to the container of the malt beverage.

19 SECTION 273. Effective December 31, 2020, Section 101.671,
20 Alcoholic Beverage Code, is amended by amending Subsections (b) and
21 (d) and adding Subsections (c-1), (e), and (f) to read as follows:

22 (b) On registration of a certificate of label approval
23 issued by the United States Alcohol and Tobacco Tax and Trade
24 Bureau, the commission shall approve the product under this section
25 and issue a letter to that effect to the permittee unless the
26 commission determines the product, despite having a valid federal
27 certificate of label approval, would create a public safety

1 concern, create a cross-tier violation, or otherwise violate this
2 code. The commission may not require additional approval for the
3 product unless there is a change to the label or product that
4 requires reissuance of the federal certificate of label approval.
5 The commission shall accept the certificate of label approval as
6 constituting full compliance only with any applicable standards
7 adopted under Section 5.38 regarding quality, purity, and identity
8 of distilled spirits or wine.

9 (c-1) Not later than the 30th day after the date the
10 commission receives an application for registration of a product
11 under this section, the commission shall either approve or deny the
12 registration application. If the commission denies the application
13 for a product with a valid federal certificate of label approval or
14 fails to act on the application within the time required by this
15 subsection, the permittee submitting the application is entitled to
16 an administrative hearing before the State Office of Administrative
17 Hearings.

18 (d) The commission by rule shall ~~may~~ establish procedures
19 for:

20 (1) accepting:

21 (A) [~~1~~] federal certificates of label approval
22 for registration under this section; and

23 (B) [~~2~~] proof, such as a letter of
24 authorization, that a permittee is the primary American source of
25 supply of the product or brand for purposes of Section 37.10; and

26 (2) registering alcoholic beverage products that are
27 not eligible to receive a certificate of label approval issued by

1 the United States Alcohol and Tobacco Tax and Trade Bureau.

2 (e) The commission shall consider the nutrition label
3 requirements of the United States Food and Drug Administration and
4 the alcohol label requirements of the United States Alcohol and
5 Tobacco Tax and Trade Bureau in developing the label requirements
6 to register products described by Subsection (d)(2).

7 (f) The rules adopted under this section may not require
8 testing for alcohol content as part of the process for registering
9 an alcoholic beverage with the commission.

10 SECTION 274. Section 101.72(a), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (a) A person commits an offense if the person knowingly
13 consumes liquor or malt beverages [~~beer~~] on the premises of a holder
14 of a wine and malt beverage [~~beer~~] retailer's off-premise permit or
15 a retail dealer's off-premise license.

16 SECTION 275. Section 102.03(a), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (a) This section applies to the holder of a [~~brewer's,~~]
19 distiller's and rectifier's, winery, wholesaler's, or class B
20 wholesaler's[~~, or wine bottler's~~] permit.

21 SECTION 276. Section 102.04(a), Alcoholic Beverage Code, is
22 amended to read as follows:

23 (a) This section applies to any person who has an interest
24 in the business of a distiller-rectifier, [~~brewer,~~] wholesaler,
25 class B wholesaler, winery, [~~wine bottler,~~] or local distributor's
26 permittee. This section also applies to the agent, servant, or
27 employee of a person who has an interest in one of those businesses.

1 SECTION 277. Section 102.05, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 102.05. HOTEL: MULTIPLE INTERESTS AUTHORIZED. A
4 hotel may hold a package store permit, mixed beverage permit, wine
5 and malt beverage [~~beer~~] retailer's permit, and retail dealer's
6 license if the businesses are completely segregated from each
7 other.

8 SECTION 278. Effective September 1, 2019, Section 102.06,
9 Alcoholic Beverage Code, is amended to read as follows:

10 Sec. 102.06. RELATIONSHIP BETWEEN AGENT [~~OR MANUFACTURER'S~~
11 ~~AGENT~~] AND PACKAGE STORE. An agent acting under Chapter 35 or 36 [~~No~~
12 ~~holder of an agent's or manufacturer's agent's permit~~] may not
13 directly or indirectly have an interest in a package store permit or
14 wine only package store permit or be residentially domiciled with a
15 person who has a financial interest in a package store permit or
16 wine only package store permit.

17 SECTION 279. Section 102.07(a), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (a) Except as provided in Subsections (b), (d), and (g), a
20 [~~no~~] person who owns or has an interest in the business of a
21 distiller, [~~brewer,~~] rectifier, wholesaler, class B wholesaler, or
22 winery, or [~~wine bottler, nor~~] the agent, servant, or employee of
23 such a person, may not:

24 (1) own or have a direct or indirect interest in the
25 business, premises, equipment, or fixtures of a retailer;

26 (2) furnish, give, or lend any money, service, or
27 thing of value to a retailer;

1 (3) guarantee a financial obligation of a retailer;

2 (4) make or offer to enter an agreement, condition, or
3 system which will in effect amount to the shipment and delivery of
4 alcoholic beverages on consignment;

5 (5) furnish, give, rent, lend, or sell to a retail
6 dealer any equipment, fixtures, or supplies to be used in selling or
7 dispensing alcoholic beverages, except that alcoholic beverages
8 may be packaged in combination with other items if the package is
9 designed to be delivered intact to the ultimate consumer and the
10 additional items have no value or benefit to the retailer other than
11 that of having the potential of attracting purchases and promoting
12 sales;

13 (6) pay or make an allowance to a retailer for a
14 special advertising or distribution service;

15 (7) allow an excessive discount to a retailer; or

16 (8) offer a prize, premium, gift, or similar
17 inducement to a retailer or to the agent, servant, or employee of a
18 retailer.

19 SECTION 280. Section 102.07(f), Alcoholic Beverage Code, as
20 effective April 1, 2019, is amended to read as follows:

21 (f) Notwithstanding Subsection (a) [~~of this section~~],
22 Section 108.05, or any other provision of this code, a holder of a
23 [~~brewer's permit, nonresident brewer's permit,~~] distiller's and
24 rectifier's permit, winery permit, nonresident seller's permit,
25 brewer's [~~manufacturer's~~] license, or nonresident brewer's
26 [~~manufacturer's~~] license may, in order to promote the brand name of
27 the permittee's or licensee's products, contract with a person

1 licensed under Subtitle A-1, Title 13, Occupations Code (Texas
 2 Racing Act), for on-site advertising signs, for advertising in
 3 programs, and to supplement purses for races even though the
 4 licensees under that subtitle or the owners or operators of the
 5 racing facilities also hold a mixed beverage permit or other permit
 6 or license under this code. In addition, a permittee or licensee
 7 described by this subsection may contract for off-site advertising
 8 promoting specific races. A part of the cost of an advertisement or
 9 promotion authorized by this section may not be charged to or paid,
 10 directly or indirectly, by the holder of a wholesaler's [~~wholesale~~
 11 permit, general class B wholesaler's permit, [~~local class B~~
 12 ~~wholesaler's permit,~~] local distributor's permit, or general
 13 distributor's license[~~, or local distributor's license~~], except
 14 through the price paid by that holder for products purchased from
 15 the holder's supplier.

16 SECTION 281. Section 102.07(g), Alcoholic Beverage Code, is
 17 amended to read as follows:

18 (g) Subsection (a) does not prohibit a permittee covered
 19 under Subsection (a) from prearranging or preannouncing a
 20 promotional activity otherwise permitted by this code with a
 21 retailer about a promotional activity to be held on the retailer's
 22 premises. Notwithstanding any other provision, a permittee may:

- 23 (1) preannounce a promotion to a consumer; or
 24 (2) preannounce the purchase of wine or [~~7~~] distilled
 25 spirits[~~, ale, or malt liquor~~] to a consumer.

26 SECTION 282. Sections 102.071(d) and (e), Alcoholic
 27 Beverage Code, are amended to read as follows:

1 (d) Sections 61.73 and 102.31 apply to payment for glassware
2 bearing the name, emblem, or logo of a brand of malt beverage by the
3 holder of [~~a wholesaler's permit or~~] a distributor's license.

4 (e) For the purposes of Subchapters C and D, the sale, by the
5 holder of a distributor's license, of a nonalcoholic beverage
6 produced or sold by a brewer [~~manufacturer~~] of malt beverages and
7 that bears the name, emblem, logo, or brand of a brewer
8 [~~manufacturer~~] of malt beverages is the same as a sale of malt
9 beverages [~~beer~~].

10 SECTION 283. Section 102.11, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 102.11. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
13 PROHIBITED INTERESTS. A brewer [~~No manufacturer~~] or distributor
14 directly or indirectly, or through a subsidiary, affiliate, agent,
15 employee, officer, director, or firm member, may not:

16 (1) own any interest in the business or premises of a
17 retail dealer of malt beverages [~~beer~~]; or

18 (2) hold or have an interest in a license to sell
19 brewery products for on-premises consumption, except to the extent
20 that a brewer's [~~manufacturer's~~] license permits on-premises
21 consumption.

22 SECTION 284. Section 102.12, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 102.12. COMMERCIAL BRIBERY BY BREWER [~~MANUFACTURER~~] OR
25 DISTRIBUTOR. A brewer [~~No manufacturer~~] or distributor directly or
26 indirectly, or through a subsidiary, affiliate, agent, employee,
27 officer, director, or firm member, may not give or permit to be

1 given money or any thing of value in an effort to induce agents,
2 employees, or representatives of customers or prospective
3 customers to influence their employers or principals to purchase or
4 contract to purchase brewery products from the brewer
5 [~~manufacturer~~] or distributor or to refrain from buying those
6 products from other persons.

7 SECTION 285. Section 102.13, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 102.13. EXCLUSIVE OUTLET AGREEMENT AS TO BREWERY
10 PRODUCTS. A brewer [~~No manufacturer~~] or distributor directly or
11 indirectly, or through a subsidiary, affiliate, agent, employee,
12 officer, director, or firm member, may not require, by agreement or
13 otherwise, that a retailer engaged in the sale of brewery products
14 purchase any of those products from the brewer [~~him~~] to the total or
15 partial exclusion of the products sold or offered for sale by a
16 competitor or require the retailer to take or dispose of a certain
17 quota of the product.

18 SECTION 286. Section 102.14, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 102.14. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
21 FURNISHING EQUIPMENT OR FIXTURES. (a) A brewer [~~No manufacturer~~]
22 or distributor directly or indirectly, or through a subsidiary,
23 affiliate, agent, employee, officer, director, or firm member, may
24 not furnish, give, rent, lend, or sell any equipment, fixtures, or
25 supplies to a person engaged in selling brewery products for
26 on-premises consumption.

27 (b) This section does not apply to equipment, fixtures, or

1 supplies furnished, given, loaned, rented, or sold before November
2 16, 1935, except that transactions made before that date may not be
3 used as consideration for an agreement made after that date with
4 respect to the purchase of brewery products. If a brewer
5 [~~manufacturer~~] or distributor of brewery products or an agent or
6 employee of one of them removes the equipment, fixtures, or
7 supplies from the premises of the person to whom they were
8 furnished, given, loaned, rented, or sold, the exemption granted by
9 this subsection no longer applies to the equipment, fixtures, or
10 supplies.

11 (c) Notwithstanding any other provision of this code, a
12 brewer [~~manufacturer~~] or distributor may, with written approval of
13 the administrator, sell for cash devices designed to extract
14 brewery products from legal containers subject to the following
15 conditions:

16 (1) the legal containers must not exceed a one-eighth
17 barrel capacity and must not be reused or refilled;

18 (2) the selling price of such devices may be no less
19 than the cost of acquisition to the brewer [~~manufacturer~~] or
20 distributor; and

21 (3) such devices which extract brewery products from
22 legal containers covered by this section may not be furnished,
23 given, rented, or sold by the brewer [~~manufacturer~~] or distributor
24 to a licensee or permittee authorized to sell or serve brewery
25 products for on-premise consumption, or to the ultimate consumer.

26 SECTION 287. Section 102.15, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 102.15. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
2 PROHIBITED DEALINGS WITH RETAILER. (a) Except as provided by
3 Subsection (b), a brewer [~~no manufacturer~~] or distributor directly
4 or indirectly, or through a subsidiary, affiliate, agent, employee,
5 officer, director, or firm member, may not:

6 (1) furnish, give, or lend any money or other thing of
7 value to a person engaged or about to be engaged in selling brewery
8 products for on-premises or off-premises consumption, or give the
9 person any money or thing of value for the person's [~~his~~] use,
10 benefit, or relief; or

11 (2) guarantee the repayment of a loan or the
12 fulfillment of a financial obligation of a person engaged in or
13 about to be engaged in selling malt beverages [~~beer~~] at retail.

14 (b) Subsection (a) does not prohibit a brewer
15 [~~manufacturer~~] or distributor from prearranging or preannouncing a
16 promotional activity otherwise permitted by this code with a
17 retailer about a promotional activity to be held on the retailer's
18 premises. Notwithstanding any other provision, a brewer
19 [~~manufacturer~~] or distributor may:

- 20 (1) preannounce a promotion to a consumer; or
21 (2) preannounce the purchase of malt beverages [~~beer~~]
22 to a consumer.

23 SECTION 288. Section 102.17, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 102.17. CONTRACT FOR SALE OF LIQUOR. A [~~brewer~~]
26 distiller and rectifier, winery permittee, [~~manufacturer~~] or
27 nonresident seller of liquor and the holder of a wholesaler's

1 permit may enter into a contract for the sale and purchase of a
2 specified quantity of liquor to be delivered over an agreed period
3 of time, but only if the contract is first submitted to the
4 commission or administrator and found by the commission or
5 administrator not to be calculated to induce a violation of this
6 code.

7 SECTION 289. Section 102.18, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 102.18. BREWER [~~MANUFACTURER~~]: PROHIBITED INTERESTS.

10 (a) This section applies to the following:

11 (1) a holder of a brewer's [~~manufacturer's~~] or
12 nonresident brewer's [~~manufacturer's~~] license;

13 (2) an officer, director, agent, or employee of an
14 entity named in Subdivision (1) [~~of this subsection~~]; or

15 (3) an affiliate of an entity named in Subdivision (1)
16 [~~of this subsection~~], regardless of whether the affiliation is
17 corporate or by management, direction, or control.

18 (b) An [~~No~~] entity named in Subsection (a) [~~of this section~~]
19 may not have any interest in the license, business, assets, or
20 corporate stock of a holder of a general[~~, local,~~] or branch
21 distributor's license.

22 SECTION 290. Section 102.21, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 102.21. CONTINUITY OF CERTAIN PROTECTIONS FOR MALT
25 BEVERAGE [~~BEER~~] DISTRIBUTORS. The protections provided to malt
26 beverage [~~beer~~] distributors by Subchapters C and D apply
27 regardless of whether there is a transfer or change of ownership of

1 a brand at the manufacturing level.

2 SECTION 291. Section 102.22(a), Alcoholic Beverage Code, is
3 amended to read as follows:

4 (a) A person who holds [~~a permit issued under Chapter 12 or~~
5 ~~13 or~~] a license issued under Chapter 62 or 63 shall verify to the
6 commission on an annual basis that a brewing [~~or manufacturing~~]
7 facility owned or controlled by the [~~permit or~~] license holder is
8 not used to produce malt beverages primarily for a specific
9 retailer or the retailer's affiliates.

10 SECTION 292. Section 102.31(a), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (a) This section applies to:

13 (1) the sale of malt beverages [~~beer~~] or malt beverage
14 [~~its~~] containers or the original packages in which malt beverages
15 are [~~it is~~] received, packaged, or contained by a distributor's
16 licensee to a retail dealer's on-premise or off-premise licensee, a
17 wine and malt beverage [~~beer~~] retailer's permittee, or a wine and
18 malt beverage [~~beer~~] retailer's off-premise permittee; and

19 (2) the sale of malt beverages by a local distributor's
20 permittee, or by any licensee authorized to sell those beverages
21 for resale, to a mixed beverage [~~or daily temporary mixed beverage~~]
22 permittee.

23 SECTION 293. Sections 102.32(a)(1) and (2), Alcoholic
24 Beverage Code, are amended to read as follows:

25 (1) "Wholesale dealer" means a wholesaler, class B
26 wholesaler, winery, [~~wine bottler,~~] or local distributor's
27 permittee.

1 (2) "Retailer" means a package store, wine only
 2 package store, wine and malt beverage [~~beer~~] retailers, wine and
 3 malt beverage [~~beer~~] retailer's off-premise, or mixed beverage
 4 permittee, any other retailer, or a private club registration
 5 permittee. For purposes of this section, the holder of a winery
 6 permit issued under Chapter 16 is a retailer when the winery permit
 7 holder purchases wine from the holder of a wholesaler's permit
 8 issued under Chapter 19 for resale to ultimate consumers in
 9 unbroken packages.

10 SECTION 294. The heading to Subchapter C, Chapter 102,
 11 Alcoholic Beverage Code, is amended to read as follows:

12 SUBCHAPTER C. TERRITORIAL LIMITS ON SALE OF MALT BEVERAGES [~~BEER~~]

13 SECTION 295. Section 102.51, Alcoholic Beverage Code, is
 14 amended to read as follows:

15 Sec. 102.51. SETTING OF TERRITORIAL LIMITS. (a) Each
 16 holder of a brewer's [~~manufacturer's~~] or nonresident brewer's
 17 [~~manufacturer's~~] license shall designate territorial limits in
 18 this state within which the brands of malt beverages [~~beer~~] the
 19 licensee brews [~~manufactures~~] may be sold by general[~~7-local~~] or
 20 branch distributor's licensees.

21 (b) Each holder of a general[~~7-local~~] or branch
 22 distributor's license shall enter into a written agreement with
 23 each brewer [~~manufacturer~~] from which the distributor purchases
 24 malt beverages [~~beer~~] for distribution and sale in this state
 25 setting forth the sales territory within which each brand of malt
 26 beverage [~~beer~~] purchased by that distributor may be distributed
 27 and sold. No holder of a general[~~7-local~~] or branch distributor's

1 license shall make any sales of any brand of malt beverage [~~beer~~]
2 outside the sales territory specified in the written agreement. No
3 such agreement shall interfere with the rights of retailers to
4 purchase malt beverages [~~beer~~] as provided in Section 102.53. A
5 brewer [~~manufacturer~~] may not assign all or any part of the same
6 sales territory to more than one distributor. A copy of the
7 agreement and any amendments to it shall be filed with the
8 administrator.

9 (c) This Act is promulgated pursuant to the authority of the
10 state under the provisions of the Twenty-first Amendment to the
11 United States Constitution to promote the public interest in the
12 fair, efficient, and competitive distribution of malt beverages
13 [~~beer~~], to increase competition in such areas, and to assure
14 product quality control and accountability by allowing brewers
15 [~~manufacturers~~] to assign sales territories within this state.

16 SECTION 296. Section 102.52, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 102.52. RIGHTS OF DISTRIBUTORS. Nothing in Section
19 102.51 [~~of this code~~] limits or alters the right of a holder of a
20 general[~~, local~~] or branch distributor's license to sell malt
21 beverages [~~beer~~] to any other holder of a general[~~, local~~] or
22 branch distributor's license, except that a distributor who has
23 purchased malt beverages [~~beer~~] from another distributor may
24 distribute and sell the malt beverages [~~beer~~] only within a
25 territory for which the brewer [~~manufacturer~~] of the brand has
26 designated that it may be sold by the general[~~, local~~] or branch
27 distributor making the purchase.

1 SECTION 297. Section 102.53, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 102.53. RIGHTS OF RETAILERS. Nothing in Section
4 102.51 or 102.52 [~~of this code~~] limits or alters the right of a
5 holder of a retail license or permit to purchase malt beverages
6 [~~beer~~] at the licensed premises of any general[~~, local,~~] or branch
7 distributor's licensee in the state and transport those malt
8 beverages [~~that beer~~] to the licensee's [~~his~~] licensed premises,
9 except that the retailer may sell the malt beverages [~~beer~~] only
10 within a territory for which the brewer [~~manufacturer~~] of the brand
11 has designated that the malt beverages [~~it~~] may be sold by a
12 distributor.

13 SECTION 298. (a) Effective December 31, 2020, Sections
14 102.54(a) and (b), Alcoholic Beverage Code, are amended to read as
15 follows:

16 (a) In addition to any other requirements necessary for
17 issuance or renewal of a distributor's license, the commission [~~or~~
18 ~~administrator~~] shall require an applicant for a license or a holder
19 of a license to show that the applicant or holder:

20 (1) has entered into or will acquire a written
21 agreement designating an assigned territory from a manufacturer in
22 accordance with this subchapter and Subchapter D;

23 (2) has received or has applied for and will maintain
24 all licenses or permits required to engage in business in the
25 assigned territory as a holder of a distributor's license,
26 including any state or federal licenses or permits;

27 (3) has ordered, received, and stored or has committed

1 to order, receive, and store a sufficient amount of beer that the
2 distributor is authorized to sell to ensure that the distributor
3 can supply the reasonable needs of all retailers in the assigned
4 territory;

5 (4) has received and stored or has committed to
6 receive and store beer received from a manufacturer in a manner
7 complying with a product quality control standard established by
8 the manufacturer or the commission; and

9 (5) has or will have the ability to sell, deliver, and
10 promote each brand of beer sold by the distributor to all retailers
11 in the assigned territory:

12 (A) in a manner that complies with the product
13 quality control standards of the manufacturer or of the commission;
14 and

15 (B) on a continuing and recurring basis in
16 response to reasonable market demand for a brand of beer by the
17 retailer or the retailer's customers in the assigned territory.

18 (b) In determining whether an applicant for or holder of a
19 distributor's license meets the requirement of Subsection (a)(5),
20 the commission [~~or administrator~~] may require the applicant or
21 holder to show that the applicant or holder has or will have:

22 (1) storage facilities of a sufficient size to store
23 each brand of beer in an amount equal to the demand for the product
24 from all retailers in the holder's or applicant's assigned
25 territory;

26 (2) an inventory or a commitment to acquire an
27 inventory of each brand of beer in an amount equal to the demand for

1 the brand from all retailers in the holder's or applicant's assigned
2 territory;

3 (3) a sufficient number of employees to provide the
4 holder or applicant with the ability:

5 (A) to sell, deliver on a reasonably prompt
6 basis, and promote each brand of beer to all retailers in the
7 holder's or applicant's assigned territory; and

8 (B) to prepare and submit in a timely manner any
9 fee or tax payments or reports required by any authorized
10 governmental regulatory authority, including the Bureau of
11 Alcohol, Tobacco, and Firearms and the commission; and

12 (4) a sufficient number of delivery vehicles and
13 rolling stock to provide the holder or the applicant with the
14 capability of transporting, selling, delivering, or promoting each
15 brand of beer to all retailers in the assigned territory.

16 (b) Effective September 1, 2021, Sections [102.54](#)(a) and
17 (b), Alcoholic Beverage Code, are amended to read as follows:

18 (a) In addition to any other requirements necessary for
19 issuance or renewal of a distributor's license, the commission [~~ex~~
20 ~~administrator~~] shall require an applicant for a license or a holder
21 of a license to show that the applicant or holder:

22 (1) has entered into or will acquire a written
23 agreement designating an assigned territory from a brewer
24 [~~manufacturer~~] in accordance with this subchapter and Subchapter D;

25 (2) has received or has applied for and will maintain
26 all licenses or permits required to engage in business in the
27 assigned territory as a holder of a distributor's license,

1 including any state or federal licenses or permits;

2 (3) has ordered, received, and stored or has committed
3 to order, receive, and store a sufficient amount of malt beverages
4 [~~beer~~] that the distributor is authorized to sell to ensure that the
5 distributor can supply the reasonable needs of all retailers in the
6 assigned territory;

7 (4) has received and stored or has committed to
8 receive and store malt beverages [~~beer~~] received from a brewer
9 [~~manufacturer~~] in a manner complying with a product quality control
10 standard established by the brewer [~~manufacturer~~] or the
11 commission; and

12 (5) has or will have the ability to sell, deliver, and
13 promote each brand of malt beverage [~~beer~~] sold by the distributor
14 to all retailers in the assigned territory:

15 (A) in a manner that complies with the product
16 quality control standards of the brewer [~~manufacturer~~] or of the
17 commission; and

18 (B) on a continuing and recurring basis in
19 response to reasonable market demand for a brand of malt beverage
20 [~~beer~~] by the retailer or the retailer's customers in the assigned
21 territory.

22 (b) In determining whether an applicant for or holder of a
23 distributor's license meets the requirement of Subsection (a)(5),
24 the commission [~~or administrator~~] may require the applicant or
25 holder to show that the applicant or holder has or will have:

26 (1) storage facilities of a sufficient size to store
27 each brand of malt beverage [~~beer~~] in an amount equal to the demand

1 for the product from all retailers in the holder's or applicant's
2 assigned territory;

3 (2) an inventory or a commitment to acquire an
4 inventory of each brand of malt beverage [~~beer~~] in an amount equal
5 to the demand for the brand from all retailers in the holder's or
6 applicant's assigned territory;

7 (3) a sufficient number of employees to provide the
8 holder or applicant with the ability:

9 (A) to sell, deliver on a reasonably prompt
10 basis, and promote each brand of malt beverage [~~beer~~] to all
11 retailers in the holder's or applicant's assigned territory; and

12 (B) to prepare and submit in a timely manner any
13 fee or tax payments or reports required by any authorized
14 governmental regulatory authority, including the Bureau of
15 Alcohol, Tobacco, and Firearms and the commission; and

16 (4) a sufficient number of delivery vehicles and
17 rolling stock to provide the holder or the applicant with the
18 capability of transporting, selling, delivering, or promoting each
19 brand of malt beverage [~~beer~~] to all retailers in the assigned
20 territory.

21 SECTION 299. Section 102.54(d)(2), Alcoholic Beverage
22 Code, is amended to read as follows:

23 (2) "Brewer [~~Manufacturer~~]" means a person who holds a
24 license issued under Chapter 62, 63, or 74.

25 SECTION 300. Sections 102.55(a) and (c), Alcoholic Beverage
26 Code, are amended to read as follows:

27 (a) In this subchapter and Subchapter D, and as the terms

1 relate to an agreement between a brewer [~~manufacturer~~] and a
2 distributor describing the sales territory in which a distributor
3 may sell the malt beverages [~~beer~~] of a brewer [~~manufacturer~~]:

4 (1) "Brand" means any word, name, group of letters,
5 symbol, or trademark or a combination of any word, name, group of
6 letters, symbol, or trademark that is adopted and used by a brewer
7 [~~manufacturer~~] on a label or on packaging to identify a specific
8 [~~beer or~~] malt beverage and to distinguish the [~~beer or~~] malt
9 beverage product from the label or packaging of another [~~beer or~~]
10 malt beverage produced or marketed by any brewer [~~manufacturer~~].
11 The term does not include the name of the brewer [~~manufacturer~~]
12 unless the name of the brewer [~~manufacturer~~] is included in the name
13 of the brand.

14 (2) "Brand extension" means a brand that incorporates
15 a brand name or brand logo, or a substantial part of an existing
16 brand name or brand logo, of the same brewer [~~manufacturer~~].

17 (3) "Brewer" [~~"Manufacturer"~~] means a person who holds
18 a license issued under Chapter 62, 63, or 74.

19 (c) A brewer [~~manufacturer~~] shall assign a brand extension
20 to the distributor to whom the brand was originally assigned, if the
21 distributor elects to distribute and sell the brand extension.

22 SECTION 301. Section 102.56, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 102.56. APPLICATION OF TERRITORIAL LIMITS TO CERTAIN
25 PERMIT HOLDERS. (a) This section applies only to a holder of a
26 local distributor's permit under Chapter 23 that operates in a
27 county in which 8,000 or more alcoholic beverage licenses or

1 permits of any type have been issued under this code and are in
2 effect. Subsections (b) and (d) apply only to the delivery of a
3 brand of [~~ale, beer, or~~] malt beverage [~~liquor~~] to a holder of a
4 mixed beverage permit or a private club permit whose premises is
5 located in a county in which 8,000 or more alcoholic beverage
6 licenses or permits of any type have been issued under this code and
7 are in effect.

8 (b) A holder of a local distributor's permit under Chapter
9 23 who has purchased a brand of [~~ale, beer, or~~] malt beverage
10 [~~liquor~~] from the holder of a general[~~, local,~~] or branch
11 distributor's license [~~or from the holder of a general class B~~
12 ~~wholesaler's or local class B wholesaler's permit~~] may not deliver
13 the brand of [~~ale, beer, or~~] malt beverage [~~liquor~~] to any holder of
14 a mixed beverage permit or private club permit whose premises is
15 located inside that county and outside the territory assigned to
16 the distributor [~~or wholesaler~~] who sold the product under a
17 territorial limit agreement authorized by this subchapter.

18 (c) Except as provided by Subsection (d), a holder of a
19 local distributor's permit may purchase a brand of [~~ale, beer, or~~]
20 malt beverage [~~liquor~~] only from a distributor [~~or wholesaler~~] who
21 has been assigned the territory where the premises of the holder of
22 the local distributor's permit is located.

23 (d) A holder of a local distributor's permit who delivers a
24 brand of [~~ale, beer, or~~] malt beverage [~~liquor~~] to a holder of a
25 mixed beverage permit or private club permit whose premises is
26 located inside that county and outside the assigned territory where
27 the premises of the holder of a local distributor's permit is

1 located must purchase the brand of [~~ale, beer, or~~] malt beverage
2 [~~liquor~~] from a distributor [~~or wholesaler~~] who has been assigned
3 the territory where the premises of the holder of the mixed beverage
4 or private club permit is located.

5 SECTION 302. The heading to Subchapter D, Chapter 102,
6 Alcoholic Beverage Code, is amended to read as follows:

7 SUBCHAPTER D. MALT BEVERAGE [~~BEER~~] INDUSTRY FAIR DEALING LAW

8 SECTION 303. Sections 102.71(1), (2), (4), and (5),
9 Alcoholic Beverage Code, are amended to read as follows:

10 (1) "This Act" means this subchapter which shall have
11 the short title and may be cited as the "Malt Beverage [~~Beer~~]
12 Industry Fair Dealing Law."

13 (2) "Agreement" means any contract, agreement, or
14 arrangement, whether expressed or implied, whether oral or written,
15 for a definite or indefinite period between a brewer [~~manufacturer~~]
16 and a distributor pursuant to which a distributor has the right to
17 purchase, resell, and distribute any brand or brands of malt
18 beverage [~~beer~~] offered by a brewer [~~manufacturer~~].

19 (4) "Brewer [~~Manufacturer~~]" means those persons
20 licensed under Section 62.01, 63.01, or 74.01.

21 (5) "Territory" or "sales territory" means the
22 geographic area of distribution and sale responsibility designated
23 by an agreement between a distributor and brewer [~~manufacturer~~], as
24 provided in Section 102.51 of this code, for any brands of the
25 brewer [~~manufacturer~~].

26 SECTION 304. Sections 102.72(a) and (b), Alcoholic Beverage
27 Code, are amended to read as follows:

1 (a) This Act is promulgated pursuant to authority of the
2 state under the provisions of the 21st amendment to the United
3 States Constitution to promote the public's interest in the fair,
4 efficient, and competitive distribution of malt beverages [~~beer~~]
5 within this state by requiring brewers [~~manufacturers~~] and
6 distributors to conduct their business relations so as to assure:

7 (1) that the malt beverage [~~beer~~] distributor is free
8 to manage its business enterprise, including the right to
9 independently establish its selling prices; and

10 (2) that the public, retailers, and brewers
11 [~~manufacturers~~] are served by distributors who will devote their
12 reasonable efforts and resources to the sales and distribution of
13 all the brewer's [~~manufacturer's~~] products which the distributor
14 has the right to sell and distribute and maintain satisfactory
15 sales levels in the sales territory assigned the distributor.

16 (b) This Act shall govern all relations between brewers
17 [~~manufacturers~~] and their distributors, including any renewals or
18 amendments to agreements between them, to the full extent
19 consistent with the constitutions and laws of this state and the
20 United States.

21 SECTION 305. Sections 102.73(a) and (c), Alcoholic Beverage
22 Code, are amended to read as follows:

23 (a) Except as provided in Subsection (c) [~~of this section~~],
24 and except as may be specifically agreed upon at the time by the
25 parties, a brewer [~~no manufacturer~~] or beer distributor may not
26 cancel, fail to renew, or otherwise terminate an agreement unless
27 the brewer [~~manufacturer~~] or distributor furnishes prior

1 notification in accordance with Subsection (b) [~~of this section~~] to
2 the affected party.

3 (c) A brewer [~~manufacturer~~] or distributor may cancel, fail
4 to renew, or otherwise terminate an agreement without furnishing
5 any prior notification for any of the following reasons:

6 (1) in the event of insolvency or bankruptcy or
7 dissolution or liquidation of the other party;

8 (2) in the event the other party shall make an
9 assignment for the benefit of creditors or similar disposition of
10 substantially all of the assets of such party's business;

11 (3) in the event of a conviction or plea of guilty or
12 no contest to a charge of violating a law or regulation or the
13 revocation or suspension of a license or permit for a period of 30
14 days or more relating to the business and which materially and
15 adversely affects the party's ability to continue in business; or

16 (4) in the event of the failure to pay amounts owing
17 the other when due, upon demand therefor, in accordance with agreed
18 payment terms.

19 SECTION 306. Section 102.74, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 102.74. CANCELLATION. A malt beverage brewer [~~No~~
22 ~~manufacturer~~] or [~~beer~~] distributor may not cancel, fail to renew,
23 or otherwise terminate an agreement unless the party intending such
24 action has good cause for such cancellation, failure to renew, or
25 termination and, in any case in which prior notification is
26 required under Section 102.73 [~~of this code~~], the party intending
27 to act has furnished said prior notification and the affected party

1 has not eliminated the reasons specified in such notification as
2 the reasons for cancellation, failure to renew, or termination
3 within 90 days after the receipt of such notification.

4 SECTION 307. Sections 102.75(a) and (b), Alcoholic Beverage
5 Code, are amended to read as follows:

6 (a) A brewer may not [~~No manufacturer shall~~]:

7 (1) induce or coerce, or attempt to induce or coerce,
8 any distributor to engage in any illegal act or course of conduct;

9 (2) require a distributor to assent to any
10 unreasonable requirement, condition, understanding, or term of an
11 agreement prohibiting a distributor from selling the product of any
12 other brewer [~~manufacturer or manufacturers~~];

13 (3) fix or maintain the price at which a distributor
14 may resell malt beverages [~~beer~~];

15 (4) fail to provide to each distributor of its brands a
16 written contract which embodies the brewer's [~~manufacturer's~~]
17 agreement with its distributor;

18 (5) require any distributor to accept delivery of any
19 malt beverages [~~beer~~] or any other item or commodity which shall not
20 have been ordered by the distributor;

21 (6) adjust the price at which the brewer
22 [~~manufacturer~~] sells malt beverages [~~beer~~] to a distributor based
23 on the price at which a distributor resells malt beverages [~~beer~~] to
24 a retailer, but a brewer [~~manufacturer~~] is free to set its own price
25 so long as any price adjustment is based on factors other than a
26 distributor's increase in the price it charges to a retailer and not
27 intended to otherwise coerce illegal behavior under this section;

1 or

2 (7) accept payment in exchange for an agreement
3 setting forth territorial rights.

4 (b) Nothing in this section shall interfere with the rights
5 of a brewer [~~manufacturer~~] or distributor to enter into contractual
6 agreements that could be construed as governing ordinary business
7 transactions, including, but not limited to, agreements concerning
8 allowances, rebates, refunds, services, capacity, advertising
9 funds, promotional funds, or sports marketing funds.

10 SECTION 308. Section 102.76, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 102.76. TRANSFER OF BUSINESS ASSETS OR STOCK. (a) A
13 brewer may not [~~No manufacturer shall~~] unreasonably withhold or
14 delay its approval of any assignment, sale, or transfer of the stock
15 of a distributor or all or any portion of a distributor's assets,
16 distributor's voting stock, the voting stock of any parent
17 corporation, or the beneficial ownership or control of any other
18 entity owning or controlling the distributor, including the
19 distributor's rights and obligations under the terms of an
20 agreement whenever the person or persons to be substituted meet
21 reasonable standards imposed not only upon the distributor but upon
22 all other distributors of that brewer [~~manufacturer~~] of the same
23 general class, taking into account the size and location of the
24 sales territory and market to be served. Upon the death of one of
25 the partners of a partnership operating the business of a
26 distributor, a brewer may not [~~no manufacturer shall~~] deny the
27 surviving partner or partners of such partnership the right to

1 become a successor-in-interest to the agreement between the brewer
2 [~~manufacturer~~] and such partnership. Provided that the survivor
3 has been active in the management of the partnership or [~~and/or~~] is
4 otherwise capable of carrying on the business of the partnership.

5 (b) Notwithstanding the provisions of Subsection (a) [~~of~~
6 ~~this section~~], upon the death of a distributor a brewer may not [~~no~~
7 ~~manufacturer shall~~] deny approval for any transfer of ownership to
8 a surviving spouse or adult child of an owner of a distributor;
9 provided, however, that such subsequent transfers of such ownership
10 by such surviving spouse or adult child shall thereafter be subject
11 to the provisions of Subsection (a) [~~of this section~~].

12 SECTION 309. Section 102.77, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 102.77. REASONABLE COMPENSATION. (a) Any brewer
15 [~~manufacturer~~] who, without good cause, cancels, terminates, or
16 fails to renew any agreement, or unlawfully denies approval of, or
17 unreasonably withholds consent, to any assignment, transfer, or
18 sale of a distributor's business assets or voting stock or other
19 equity securities, shall pay such distributor with whom it has an
20 agreement pursuant to Section 102.51 [~~of this code~~] the fair market
21 value of the distributor's business with relation to the affected
22 brand or brands. In determining fair market value, consideration
23 shall be given to all elements of value, including [~~but not limited~~
24 ~~to~~] goodwill and going concern value.

25 (b) In the event that the brewer [~~manufacturer~~] and the
26 distributor are unable to mutually agree on whether or not good
27 cause exists for cancellation under Section 102.74 [~~of this code~~]

1 or on the reasonable compensation to be paid for the value of the
2 distributor's business, as defined herein, the matter may, at the
3 option of either the distributor or brewer [~~manufacturer~~], be
4 submitted to three arbitrators, one of whom shall be named in
5 writing by each party and the third of whom shall be chosen by the
6 two arbiters so selected. Should the arbiters selected fail to
7 choose a third arbiter within 10 days, a judge of a district court
8 in the county in which the distributor's principal place of
9 business is located shall select the third arbiter. Arbitration
10 shall be conducted in accordance with Chapter 171, Civil Practice
11 and Remedies Code [~~the Texas General Arbitration Act, as amended~~
12 ~~(Article 224, Revised Civil Statutes of Texas, 1925)~~]. Arbitration
13 costs shall be paid one-half by the distributor and one-half by the
14 brewer [~~manufacturer~~]. The award of the arbitrators shall be
15 binding on the parties unless appealed within 10 days from the date
16 of the award. All proceedings on appeal shall be in accordance with
17 and governed by Chapter 171, Civil Practice and Remedies Code [~~the~~
18 ~~Texas General Arbitration Act, as amended (Article 224, Revised~~
19 ~~Civil Statutes of Texas, 1925)~~].

20 SECTION 310. Section 102.78, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 102.78. RIGHT OF FREE ASSOCIATION. A brewer [~~No~~
23 ~~manufacturer~~] or distributor may not [~~shall~~] restrict or inhibit,
24 directly or indirectly, the right of free association among brewers
25 [~~manufacturers~~] or distributors for any lawful purpose.

26 SECTION 311. Section 102.79(a), Alcoholic Beverage Code, is
27 amended to read as follows:

1 (a) If a brewer [~~manufacturer~~] or distributor who is a party
2 to an agreement pursuant to Section 102.51 [~~of this code~~] fails to
3 comply with this Act or otherwise engages in conduct prohibited
4 under this Act, or if a brewer [~~manufacturer~~] and distributor are
5 not able to mutually agree on reasonable compensation under Section
6 102.77 [~~of this code~~] and the matter is not to be submitted to
7 arbitration, the aggrieved brewer [~~manufacturer~~] or distributor
8 may maintain a civil action in a court of competent jurisdiction in
9 the county in which the distributor's principal place of business
10 is located.

11 SECTION 312. Section 102.81, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 102.81. [~~ALE AND~~] MALT BEVERAGES [~~LIQUOR~~]. This
14 subchapter and Subchapter C [~~of this chapter~~] apply to agreements
15 concerning all [~~ale and~~] malt beverages [~~liquor~~] in the same manner
16 [~~as they apply to agreements concerning beer, and each particular~~
17 ~~class of permittee dealing with ale and malt liquor is subject to~~
18 ~~those provisions that apply to functionally corresponding~~
19 ~~licensees within the beer industry~~].

20 SECTION 313. Section 103.08, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 103.08. SALE OF MALT BEVERAGE [~~BEER~~]. (a) Any malt
23 beverage [~~beer~~], its container, or its packaging which is seized
24 under the terms of this chapter shall be disposed of in accordance
25 with this section.

26 (b) On notification that the malt beverage has [~~beer has~~]
27 been seized, the commission shall promptly notify a holder of a

1 general[~~, local,~~] or branch distributor's license who handles the
2 brand of malt beverage [~~beer~~] seized and who operates in the county
3 in which it was seized. If the malt beverage [~~beer~~] was seized in a
4 dry area, the commission shall notify either the general[~~, local,~~]
5 or branch distributor who handles the brand operating nearest the
6 area or the brewer [~~manufacturer~~] brewing the malt beverage [~~beer~~].
7 The commission and the distributor or brewer [~~manufacturer~~] shall
8 jointly determine whether the malt beverage [~~beer~~] is in a salable
9 condition.

10 (c) If the malt beverage [~~beer~~] is determined not to be in a
11 salable condition, the commission shall immediately destroy it. If
12 it is determined to be in a salable condition, it shall be offered
13 for sale to the distributor or brewer [~~manufacturer~~]. If offered to
14 a distributor, the malt beverage [~~beer~~] shall be sold at the
15 distributor's cost price less any state taxes which have been paid
16 on the malt beverage [~~beer~~], F.O.B. the distributor's place of
17 business. If the malt beverage [~~beer~~] is offered to a brewer
18 [~~manufacturer~~], it shall be sold at the brewer's [~~manufacturer's~~]
19 cost price to its nearest distributor, less any state taxes which
20 have been paid on the malt beverage [~~beer~~], F.O.B., the nearest
21 distributor's place of business. In either case, the storage or
22 warehousing charges necessarily incurred as a result of the seizure
23 shall be added to the cost price.

24 (d) If the distributor or brewer [~~manufacturer~~] does not
25 exercise the right to purchase salable malt beverages [~~beer~~] or to
26 purchase returnable bottles, containers, or packages at their
27 deposit price within 10 days, the commission shall sell the malt

1 beverages [~~beer~~], bottles, containers, or packages at public or
2 private sale as provided in this chapter.

3 SECTION 314. Effective September 1, 2019, Section
4 103.09(b), Alcoholic Beverage Code, is amended to read as follows:

5 (b) On notification that liquor has been seized, the
6 commission shall promptly notify a holder of a wholesaler's permit
7 or [~~or~~] a general class B wholesaler's permit [~~, or a local class B~~
8 ~~wholesaler's permit~~] who handles the brand of liquor seized and who
9 operates in the county in which it was seized. If the liquor was
10 seized in a dry area, the commission shall notify the wholesaler who
11 handles the brand seized who operates nearest the area. The
12 commission and the wholesaler shall jointly determine whether the
13 liquor is in a salable condition.

14 SECTION 315. Section 104.01(a), Alcoholic Beverage Code, is
15 amended to read as follows:

16 (a) A [~~No~~] person authorized to sell malt beverages [~~beer~~]
17 at retail, or [~~nor~~] the person's agent, servant, or employee, may
18 not engage in or permit conduct on the premises of the retailer
19 which is lewd, immoral, or offensive to public decency, including [~~or~~
20 ~~but not limited to,~~] any of the following acts:

21 (1) the use of loud and vociferous or obscene, vulgar,
22 or indecent language, or permitting its use;

23 (2) the exposure of a person or permitting a person to
24 expose himself or herself;

25 (3) rudely displaying or permitting a person to rudely
26 display a pistol or other deadly weapon in a manner calculated to
27 disturb persons in the retail establishment;

1 (4) solicitation of any person to buy drinks for
2 consumption by the retailer or any of the retailer's employees;

3 (5) being intoxicated on the licensed premises;

4 (6) permitting lewd or vulgar entertainment or acts;

5 (7) permitting solicitations of persons for immoral or
6 sexual purposes;

7 (8) failing or refusing to comply with state or
8 municipal health or sanitary laws or ordinances; or

9 (9) possession of a narcotic or synthetic cannabinoid
10 or any equipment used or designed for the administering of a
11 narcotic or a synthetic cannabinoid or permitting a person on the
12 licensed premises to do so.

13 SECTION 316. Section 104.04, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 104.04. DRAFT MALT BEVERAGE DISPENSER: SIGN
16 REQUIRED. A ~~No~~ retail dealer may not dispense draft ~~beer,~~ malt
17 beverages ~~[liquor, or ale]~~ unless each faucet or other dispensing
18 apparatus is equipped with a sign clearly indicating the name or
19 brand of the product being dispensed through the faucet or
20 apparatus. The sign must be in full sight of the purchaser, and the
21 letters on it must be legible.

22 SECTION 317. Sections 104.05(a), (b), (c), and (e),
23 Alcoholic Beverage Code, are amended to read as follows:

24 (a) This section applies to a permittee or licensee who is
25 authorized to sell ~~beer,~~ malt beverages ~~[liquor, or ale]~~ to an
26 ultimate consumer for consumption off the permitted or licensed
27 premises.

1 (b) The holder of a permit or license described in
2 Subsection (a) [~~of this section~~] may resell [~~beer,~~] malt beverages
3 [~~liquor, or ale~~] only in the packaging in which the holder received
4 the [~~beer,~~] malt beverages [~~liquor, or ale~~] or may resell the
5 contents of the packages as individual containers.

6 (c) Except for purposes of resale as individual containers,
7 a licensee or permittee may not:

8 (1) mutilate, tear apart, or cut apart original
9 packaging in which [~~beer,~~] malt beverages were [~~liquor, or ale was~~]
10 received; or

11 (2) repackage [~~beer,~~] malt beverages [~~liquor, or ale~~]
12 in a manner misleading to the consumer or that results in required
13 labeling being omitted or obscured.

14 (e) To assure and control product quality, the holder of a
15 distributor's license, [~~wholesaler's permit, or class B~~
16 ~~wholesaler's permit,~~] at the time of a regular delivery, may
17 withdraw, with the permission of the retailer, a quantity of [~~beer,~~
18 ~~ale, or~~] malt beverages [~~liquor~~] in its undamaged original
19 packaging from the retailer's stock, if:

20 (1) the distributor [~~, wholesaler, or class B~~
21 ~~wholesaler~~] replaces the stock with [~~beer, ale, or~~] malt beverages
22 [~~liquor~~] of identical brands, quantities, and packages as the
23 [~~beer, ale, or~~] malt beverages [~~liquor~~] withdrawn;

24 (2) the stock is withdrawn before the date considered
25 by the brewer [~~manufacturer~~] of the product to be the date the
26 product becomes inappropriate for sale to a consumer; and

27 (3) the quantity of stock withdrawn does not exceed

1 the equivalent of 25 cases of 24 12-ounce containers.

2 SECTION 318. Sections 105.03(c) and (d), Alcoholic Beverage
3 Code, are amended to read as follows:

4 (c) In a city or county having a population of 800,000 or
5 more, according to the last preceding federal census, or 500,000 or
6 more, according to the 22nd Decennial Census of the United States,
7 as released by the Bureau of the Census on March 12, 2001, a holder
8 of a mixed beverage permit who holds a retailer late hours
9 certificate [~~permit~~] may also sell and offer for sale mixed
10 beverages between midnight and 2 a.m. on any day.

11 (d) In a city or county other than a city or county described
12 by Subsection (c), the extended hours prescribed in Subsection (c)
13 [~~of this section~~] are effective for the sale of mixed beverages and
14 the offer to sell them by a holder of a mixed beverage permit who
15 holds a retailer [~~beverages~~] late hours certificate [~~permit~~]:

16 (1) in the unincorporated areas of the county if the
17 extended hours are adopted by an order of the commissioners court;
18 and

19 (2) in an incorporated city or town if the extended
20 hours are adopted by an ordinance of the governing body of the city
21 or town.

22 SECTION 319. (a) Effective September 1, 2019, Section
23 105.04, Alcoholic Beverage Code, is amended to read as follows:

24 Sec. 105.04. HOURS OF SALE: WINE AND BEER RETAILER. The
25 hours of sale and delivery for alcoholic beverages sold under a wine
26 and beer retailer's permit or a wine and beer retailer's off-premise
27 permit are the same as those prescribed for the sale of beer under

1 Section 105.05 [~~of this code, except that no sale shall be allowed~~
2 ~~between 2 a.m. and noon on Sunday~~].

3 (b) Effective September 1, 2021, Section 105.04, Alcoholic
4 Beverage Code, is amended to read as follows:

5 Sec. 105.04. HOURS OF SALE: WINE AND MALT BEVERAGE [~~BEER~~]
6 RETAILER. The hours of sale and delivery for alcoholic beverages
7 sold under a wine and malt beverage [~~beer~~] retailer's permit or a
8 wine and malt beverage [~~beer~~] retailer's off-premise permit are the
9 same as those prescribed for the sale of malt beverages [~~beer~~] under
10 Section 105.05 [~~of this code, except that no sale shall be allowed~~
11 ~~between 2 a.m. and noon on Sunday~~].

12 SECTION 320. (a) Effective September 1, 2019, Section
13 105.05(b), Alcoholic Beverage Code, is amended to read as follows:

14 (b) A person may sell, offer for sale, or deliver beer
15 between 7 a.m. and midnight on any day except Sunday. On Sunday a
16 person [~~he~~] may sell beer between midnight and 1:00 a.m. and between
17 noon and midnight, except that:

18 (1) permittees or licensees authorized to sell for
19 on-premise consumption may sell beer between 10:00 a.m. and noon if
20 the beer is served to a customer during the service of food to the
21 customer; and

22 (2) holders of a retail dealer's on-premise license or
23 a retail dealer's off-premise license may also sell beer for
24 off-premise consumption between 10:00 a.m. and noon.

25 (b) Effective September 1, 2021, Section 105.05, Alcoholic
26 Beverage Code, is amended to read as follows:

27 Sec. 105.05. HOURS OF SALE: MALT BEVERAGES [~~BEER~~]. (a) A

1 ~~[No]~~ person may sell, offer for sale, or deliver malt beverages only
2 ~~[beer]~~ at a [any] time ~~[not]~~ permitted by this section.

3 (b) A person may sell, offer for sale, or deliver malt
4 beverages ~~[beer]~~ between 7 a.m. and midnight on any day except
5 Sunday. On Sunday a person ~~[he]~~ may sell malt beverages ~~[beer]~~
6 between midnight and 1:00 a.m. and between noon and midnight,
7 except that:

8 (1) permittees or licensees authorized to sell for
9 on-premise consumption may sell malt beverages ~~[beer]~~ between 10:00
10 a.m. and noon if the malt beverages are ~~[beer is]~~ served to a
11 customer during the service of food to the customer; and

12 (2) holders of a retail dealer's on-premise license or
13 a retail dealer's off-premise license may also sell malt beverages
14 for off-premise consumption between 10:00 a.m. and noon.

15 (c) In a city or county having a population of 800,000 or
16 more, according to the last preceding federal census, or 500,000 or
17 more, according to the 22nd Decennial Census of the United States,
18 as released by the Bureau of the Census on March 12, 2001, a holder
19 of a retail dealer's on-premise license who holds a retailer late
20 hours certificate ~~[license]~~ may also sell, offer for sale, and
21 deliver malt beverages ~~[beer]~~ between midnight and 2 a.m. on any
22 day.

23 (d) In a city or county other than a city or county described
24 by Subsection (c), the extended hours prescribed in Subsection (c)
25 ~~[of this section]~~ or any part of the extended hours prescribed in
26 Subsection (c) ~~[of this section]~~ are effective for the sale, offer
27 to sell, and delivery of malt beverages ~~[beer]~~ by a holder of a

1 retail dealer's on-premise license who holds a retailer late hours
2 certificate [~~license~~]:

3 (1) in the unincorporated areas of the county if the
4 extended hours are adopted by an order of the commissioners court;
5 and

6 (2) in an incorporated city or town if the extended
7 hours are adopted by an ordinance of the governing body of the city
8 or town.

9 (e) A violation of a city ordinance or order of a
10 commissioners court adopted pursuant to Subsection (d) [~~of this~~
11 ~~section~~] is a violation of this code.

12 SECTION 321. Section 105.051, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 105.051. SALE OF MALT BEVERAGES [~~BEER~~] BY
15 DISTRIBUTOR'S LICENSEE. The holder of a general[~~, local,~~] or
16 branch distributor's license may sell, offer for sale, or deliver
17 malt beverages [~~beer~~] 24 hours a day Monday through Saturday and
18 between midnight and 1 a.m. and between noon and midnight on Sunday.

19 SECTION 322. Section 105.082, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 105.082. HOURS OF SALE AND CONSUMPTION: BREWER [~~OR~~
22 ~~MANUFACTURER~~]. [~~(a) The holder of a brewer's permit may sell,~~
23 ~~offer for sale, and deliver ale or malt liquor and a person may~~
24 ~~consume ale or malt liquor on the brewer's premises.~~

25 [~~(1) between 8 a.m. and midnight on any day except~~
26 ~~Sunday, and~~

27 [~~(2) between 10 a.m. and midnight on Sunday.~~

1 ~~[(b)]~~ The holder of a brewer's ~~[manufacturer's]~~ license may
2 sell, offer for sale, and deliver malt beverages ~~[beer]~~ and a person
3 may consume malt beverages ~~[beer]~~ on the brewer's ~~[manufacturer's]~~
4 premises:

5 (1) between 8 a.m. and midnight on any day except
6 Sunday; and

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

8 SECTION 323. Effective September 1, 2019, Section
9 [106.09](#)(d), Alcoholic Beverage Code, is amended to read as follows:

10 (d) A ~~[The fact that a]~~ person who is 18, 19, or 20 years of
11 age is not prohibited from acting as an agent ~~[a ground for refusal~~
12 ~~of an original or renewal permit or license issued]~~ under Chapter
13 [35](#), [36](#), or [73](#), provided the ~~[that such a]~~ person ~~[to whom a permit or~~
14 ~~license is issued]~~ may carry out the activities authorized by those
15 chapters only while in the actual course and scope of the person's
16 employment.

17 SECTION 324. Section [106.16](#)(b), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (b) Notwithstanding any other law, a minor may taste an
20 alcoholic beverage if:

21 (1) the minor:

22 (A) is at least 18 years old; and

23 (B) is enrolled:

24 (i) as a student at a public or private
25 institution of higher education or a career school or college that
26 offers a program in culinary arts, viticulture, enology or wine
27 technology, brewing or malt beverage ~~[beer]~~ technology, or

1 distilled spirits production or technology; and

2 (ii) in a course that is part of a program
3 described by Subparagraph (i);

4 (2) the beverage is tasted for educational purposes as
5 part of the curriculum for the course described by Subdivision
6 (1)(B)(ii);

7 (3) the beverage is not purchased by the minor; and

8 (4) the service and tasting of the beverage is
9 supervised by a faculty or staff member who is at least 21 years of
10 age.

11 SECTION 325. Section 107.02, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 107.02. TRANSPORTATION OF MALT BEVERAGES [~~BEER~~]:
14 STATEMENT REQUIRED. (a) It is lawful for a person to transport
15 malt beverages [~~beer~~] from any place where its sale, manufacture,
16 or distribution is authorized to another place in the state where
17 its sale, manufacture, or distribution is authorized, or from the
18 state boundary to a place where its sale, manufacture, or
19 distribution is authorized, even though the route of transportation
20 may cross a dry area.

21 (a-1) A person transporting malt beverages [~~beer~~] to the
22 premises of a distributor, including to a location from which the
23 distributor is temporarily conducting business under Section
24 109.62, shall provide to the consignee a shipping invoice that
25 clearly states:

26 (1) the name and address of the consignor and
27 consignee;

1 (2) the origin and destination of the shipment; and
2 (3) any other information required by this code or
3 commission rule, including the brands, sizes of containers, and
4 quantities of malt beverages [~~beer~~] contained in the shipment.

5 (b) A shipment of malt beverages [~~beer~~] must be accompanied
6 by a written statement furnished and signed by the shipper showing:

7 (1) the name and address of the consignor and
8 consignee;

9 (2) the origin and destination of the shipment; and

10 (3) any other information required by the commission
11 or administrator.

12 (c) The person in charge of the shipment while it is being
13 transported shall exhibit the written statement to any
14 representative of the commission or peace officer who demands to
15 see it. The statement shall be accepted by the representative or
16 peace officer as prima facie evidence of the legal right to
17 transport the malt beverages [~~beer~~].

18 (d) A person who transports malt beverages [~~beer~~] not
19 accompanied by the required statement, or who fails to exhibit the
20 statement after a lawful demand, violates this code.

21 SECTION 326. Section 107.04, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 107.04. DELIVERY OF MALT BEVERAGES [~~BEER~~] IN DRY AREA.
24 A common carrier may not deliver malt beverages [~~beer~~] in a dry area
25 unless the malt beverages are [~~it is~~] consigned to a [~~local or~~]
26 general distributor's licensee who has previously stated that the
27 licensee [~~he~~] intends to transport the malt beverages [~~it~~] to a

1 licensed place of business in a wet area. A common carrier who
2 transports malt beverages [~~beer~~] to a distributor in a dry area
3 shall comply strictly with this section and Section 107.02 [~~of this~~
4 ~~code~~].

5 SECTION 327. Section 107.06, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 107.06. IMPORTATION OF MALT BEVERAGES [~~BEER~~]. (a) A
8 [~~No~~] person may not import malt beverages [~~beer~~] into the state
9 except the holder of a brewer's [~~manufacturer's~~] or general[~~r~~
10 ~~local~~] or branch distributor's license.

11 (b) A [~~No~~] person may not transport malt beverages [~~beer~~]
12 into this state unless the malt beverages are [~~it is~~] consigned and
13 delivered to one of the licensees named in Subsection (a) [~~of this~~
14 ~~section~~].

15 (c) This section does not apply to the importation or
16 transportation of military malt beverages [~~beer~~] consigned to a
17 military installation or to the importation of malt beverages
18 [~~beer~~] as authorized under Section 107.07 [~~of this code~~].

19 SECTION 328. Section 107.09, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 107.09. SINGLE INVOICE AUTHORIZED. If the holder of a
22 general[~~r~~~~local~~] or branch distributor's license also holds a
23 wholesaler's or[~~r~~] general class B wholesaler's[~~r~~~~or local class B~~
24 ~~wholesaler's~~] permit, a written statement or invoice required as
25 evidence of the sale of malt beverages [~~beer~~] or liquor may be on
26 the same business form that is designed to reflect the sale of both
27 liquor and malt beverages [~~beer~~], if all information required by

1 this code to be shown on a statement or invoice is reflected on the
2 form and all other records required by this code are maintained.

3 SECTION 329. Section 107.10, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 107.10. TRANSPORTATION OF WINE COOLERS OR SPIRIT
6 COOLERS. (a) A holder of a wholesaler's or~~[r]~~ general class B
7 wholesaler's~~[, or local class B wholesaler's]~~ permit may transport
8 and sell wine coolers without a prior order if the holder complies
9 with the provisions of this code and rules of the commission
10 applicable to the transportation and sale of malt beverages ~~[beer]~~
11 by a holder of a distributor's license.

12 (b) A holder of a wholesaler's permit may transport and sell
13 spirit coolers without a prior order if the holder complies with the
14 provisions of this code and rules of the commission applicable to
15 the transportation and sale of malt beverages ~~[beer]~~ by a holder of
16 a distributor's license.

17 SECTION 330. Section 108.01(a), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (a) A brewer ~~[No manufacturer]~~ or distributor directly or
20 indirectly, or through a subsidiary, affiliate, agent, employee,
21 officer, director, or firm member, may not publish, disseminate, or
22 cause to be published or disseminated by any medium enumerated in
23 Subsection (b) an advertisement of a brewery product that:

24 (1) causes or is reasonably calculated to cause
25 deception of the consumer with respect to the product advertised;

26 (2) directly or by ambiguity, omission, or inference
27 tends to create a misleading impression;

- 1 (3) is untrue in any particular;
- 2 (4) disparages a competitor's product; or
- 3 (5) is obscene or indecent.

4 SECTION 331. Section 108.03, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 108.03. REGULATION OF PROMOTIONAL ACTIVITIES. The
7 commission shall adopt rules permitting and regulating the use of
8 business cards, menu cards, stationery, service vehicles and
9 equipment, and delivery vehicles and equipment that bear alcoholic
10 beverage advertising. The commission shall also adopt rules
11 permitting and regulating the use of insignia advertising malt
12 beverages [~~beer~~], distilled spirits, or wine by brand name on caps,
13 regalia, or uniforms worn by employees of manufacturers,
14 distributors, distillers, or wineries or by participants in a game,
15 sport, athletic contest, or revue if the participants are sponsored
16 by a manufacturer, distributor, distiller, or winery.

17 SECTION 332. Section 108.035, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 108.035. PACKAGING OF CERTAIN PROMOTIONAL ITEMS
20 AUTHORIZED. Notwithstanding any other provision of this code, a
21 person who holds a brewer's [~~permit, nonresident brewer's permit,~~
22 ~~manufacturer's~~] license[~~7~~] or nonresident brewer's
23 [~~manufacturer's~~] license, or the person's agent or employee, may
24 package alcoholic beverages in combination with other items if the
25 package is designed to be delivered intact to the [~~wholesaler or~~
26 distributor and the additional items are branded and have no value
27 or benefit to the retailer other than that of having the potential

1 of attracting purchases and promoting sales.

2 SECTION 333. Section 108.04, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 108.04. ACTS OF PROMOTIONAL OR COURTESY NATURE:
5 ADMINISTRATIVE DISCRETION. The commission may promulgate rules
6 which shall set definite limitations consistent with the general
7 provisions of this code, relaxing the restrictions of Sections
8 102.07, 102.14, 102.15, and 108.06, with respect to:

9 (1) the sale or gift of novelties advertising the
10 product of a brewer [~~manufacturer~~] or distributor;

11 (2) the making of gifts to civic, religious, or
12 charitable organizations;

13 (3) the cleaning and maintenance of coil connections
14 for dispensing draught malt beverages [~~beer~~];

15 (4) the lending of equipment for special occasions;
16 and

17 (5) acts of a purely courtesy nature.

18 SECTION 334. Section 108.041, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 108.041. CARBON DIOXIDE FILTERS PROVIDED TO RETAILERS.

21 (a) A brewer [~~manufacturer~~] or distributor of malt beverages
22 [~~beer~~] may provide carbon dioxide filters to malt beverage [~~beer~~]
23 retailers for draught systems using carbon dioxide or a carbon
24 dioxide and nitrogen blend, commonly referred to as "beer gas."

25 (b) The cost of providing, maintaining, and replacing the
26 carbon dioxide filters shall be borne by the brewer [~~manufacturer~~].

27 SECTION 335. Effective September 1, 2019, Section 108.042,

1 Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 108.042. ACTS OF PROMOTIONAL OR COURTESY NATURE: WINE
3 DISPENSING. The commission shall adopt rules that set definite
4 limitations, consistent with the general provisions of this code,
5 relaxing the restrictions of Section 102.07 to allow the holder of a
6 wholesaler's or[7] general class B wholesaler's[~~, or local class B~~
7 ~~wholesaler's~~] permit or the permit holder's agent to perform the
8 cleaning and maintenance of coil connections for the dispensing of
9 wine.

10 SECTION 336. Section 108.05, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 108.05. ALLOWANCE FOR ADVERTISEMENT OR DISTRIBUTION.
13 A brewer [~~No manufacturer~~] or distributor, directly or indirectly,
14 or through a subsidiary, affiliate, agent, employee, officer,
15 director, or firm member, may not pay or make an allowance to a
16 retail dealer for an advertising or distribution service.

17 SECTION 337. Section 108.06, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 108.06. PRIZES AND PREMIUMS. A brewer [~~No~~
20 ~~manufacturer~~] or distributor, directly or indirectly, or through a
21 subsidiary, affiliate, agent, employee, officer, director, or firm
22 member, may not offer a prize, premium, gift, or other inducement to
23 a dealer in or consumer of brewery products.

24 SECTION 338. Sections 108.061(a) and (e), Alcoholic
25 Beverage Code, are amended to read as follows:

26 (a) Notwithstanding the prohibition against prizes given to
27 a consumer in Section 108.06 and subject to the rules of the

1 commission, a [~~manufacturer, nonresident manufacturer, or~~] brewer
2 or nonresident brewer may offer a prize to a consumer of legal
3 drinking age if the offer is a part of a promotional sweepstakes
4 activity.

5 (e) If a licensee [~~or permittee~~] conducts a private event
6 authorized by Subsection (d) at a retailer's premises, the licensee
7 [~~or permittee~~] shall pay the retailer the fair market value for the
8 use of the premises. The retailer must retain control of the sale
9 and service of alcoholic beverages at the private event.

10 SECTION 339. Effective September 1, 2019, Section
11 108.08(b), Alcoholic Beverage Code, is amended to read as follows:

12 (b) A part of the cost of advertising revenue paid by a
13 manufacturer to an entity under this section may not be charged to
14 or paid, directly or indirectly, by the holder of a wholesaler's
15 permit, general class B wholesaler's permit, [~~local class B~~
16 ~~wholesaler's permit,~~] local distributor's permit, or general
17 distributor's license[~~, or local distributor's license~~], except
18 through the price paid by that holder for products purchased from
19 the holders' supplier.

20 SECTION 340. Section 108.10, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 108.10. BRANDED PROMOTIONAL VEHICLES.
23 Notwithstanding any other provision of this code, the holder of a
24 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
25 license or a nonresident seller's permit may display a branded
26 promotional vehicle on the licensed or permitted premises of a
27 retailer, whether outside or inside a structure on the premises,

1 for not more than five hours per day.

2 SECTION 341. Effective September 1, 2019, Section
3 108.52(c), Alcoholic Beverage Code, is amended to read as follows:

4 (c) The commission shall adopt reasonable rules relating to
5 the type of outdoor advertising retail [~~Retail~~] licensees and
6 permittees may erect or maintain on the retailer's premises. A
7 violation of a rule adopted under this section is a violation of
8 this code. [~~one sign at each place of business which may read as~~
9 ~~follows:~~

10 [~~(1) if a beer retailer, the sign may read "Beer",~~

11 [~~(2) if an off-premises beer retailer, the sign may~~
12 ~~read "Beer" or "Beer to Go",~~

13 [~~(3) if a wine and beer retailer, the sign may read~~
14 ~~"Beer," "Beer and Wine," or "Beer, Wine and Ale",~~

15 [~~(4) if a wine and beer off-premises retailer, the~~
16 ~~sign may read "Beer," "Beer to Go," "Beer and Wine," "Beer and Wine~~
17 ~~to Go," "Beer, Wine and Ale," or "Beer, Wine and Ale to Go",~~

18 [~~(5) if a package store permittee, the sign may read~~
19 ~~"Package Store," "Liquors," or "Wines and Liquors," and if a retail~~
20 ~~dealer's off-premise license is also held, the sign may read~~
21 ~~"Package Store," "Wines, Liquors and Beer," or "Wine, Liquors and~~
22 ~~Beer to Go", or~~

23 [~~(6) if a wine only package store permittee, the sign~~
24 ~~may read "Wine" or "Wines," and if a retail dealer's off-premise~~
25 ~~license is also held, the sign may read "Wines and Beer," "Wine and~~
26 ~~Beer," or "Wine and Beer to Go."]~~

27 SECTION 342. Effective September 1, 2019, Section 108.53,

1 Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 108.53. ADVERTISING [~~BILLBOARDS AND ELECTRIC~~] SIGNS [~~+~~
3 ~~WHEN PERMIT IS REQUIRED~~]. Consistent [~~(a) No person may erect a~~
4 ~~billboard or electric sign advertising an alcoholic beverage within~~
5 ~~200 feet of a retail establishment authorized to sell that beverage~~
6 ~~unless he has first obtained a permit for that purpose from the~~
7 ~~commission. No permit is required for a billboard or electric sign~~
8 ~~that is not located within 200 feet of a retail establishment~~
9 ~~authorized to sell the advertised alcoholic beverage.~~

10 [~~(b) The commission or administrator shall provide permit~~
11 ~~application forms, which may contain any information the commission~~
12 ~~or administrator deems necessary. The application shall contain a~~
13 ~~statement that the erection or maintenance of the billboard or~~
14 ~~electric sign will not have the effect of advertising or directing~~
15 ~~patronage to a particular retail establishment authorized to sell~~
16 ~~alcoholic beverages. Application shall be made under oath,~~
17 ~~addressed to the commission or administrator.~~

18 [~~(c) The commission or administrator shall issue a permit if~~
19 ~~either of them finds that all statements in the application are true~~
20 ~~and the erection or maintenance of the billboard or electric sign~~
21 ~~will not be contrary to this code or to a rule of the commission.~~
22 ~~Otherwise, the commission or administrator shall refuse to issue a~~
23 ~~permit.~~

24 [~~(d) Notwithstanding the restrictions imposed by this~~
25 ~~section, but consistent~~] with other provisions of this code, the
26 commission shall promulgate rules allowing for signs advertising
27 alcoholic beverages at charitable or civic events such as fairs,

1 rodeos, or other events of a temporary nature. This section
2 [~~subsection~~] does not authorize, nor shall any rule of the
3 commission authorize, a retailer of alcoholic beverages to derive,
4 directly or indirectly, any money or consideration of any kind as a
5 result of alcoholic beverage advertising, and the commission's
6 rules shall reflect the intent that the charity or civic endeavor
7 receive the proceeds, if any, from such advertising signs.

8 SECTION 343. Section 108.73(1), Alcoholic Beverage Code, is
9 amended to read as follows:

10 (1) "Independent concessionaire" means a licensed or
11 permitted member of the retail tier or a holder of a private club
12 registration permit, mixed beverage permit [~~caterer's permit~~], or
13 food and beverage certificate who:

14 (A) has a written concession agreement from the
15 owner, operator, or lessee of a public entertainment facility;

16 (B) receives no monetary benefit, directly or
17 indirectly, by any scheme or device or in any form or degree from
18 the alcoholic beverage industry including a benefit in the form of
19 capital improvements, furniture, fixtures, or equipment, unless
20 otherwise authorized by this code or commission rules; and

21 (C) is not owned, in whole or in part, by the
22 public entertainment facility, or a subsidiary, agent, manager, or
23 company managing the facility, and who does not own, in whole or in
24 part, or manage the public entertainment facility.

25 SECTION 344. Section 109.04, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 109.04. SALE OF MALT BEVERAGES [~~BEER~~]: PROCEDURE. (a)

1 When the commission is notified under this subchapter of the
2 acquisition of malt beverages [~~beer~~] or malt beverage [~~its~~]
3 containers or original packages, it shall immediately notify a
4 holder of a general[~~, local,~~] or branch distributor's license who
5 handles the brand of malt beverages [~~beer~~] and who operates in the
6 county where the malt beverages are [~~it is~~] located or, if the malt
7 beverages are [~~it is~~] located in a dry area or if no distributor
8 operates in the county, the nearest distributor handling the brand
9 or the brewer [~~manufacturer~~] who brewed the malt beverages [~~it~~].

10 (b) The insurer or insurance salvor, the commission, and the
11 distributor or brewer [~~manufacturer~~] shall jointly agree whether
12 the malt beverages are [~~beer is~~] salable. If the malt beverages are
13 [~~it is~~] determined to be unsalable, the commission shall destroy
14 the malt beverages [~~it~~]. If the malt beverages are [~~it is~~]
15 determined to be salable, the brewer [~~manufacturer~~] or distributor
16 shall be given the opportunity to purchase the malt beverages [~~it~~].
17 A distributor may purchase malt beverages [~~beer~~] at the cost price
18 less any state taxes that have been paid, F.O.B. its place of
19 business. A brewer [~~manufacturer~~] may purchase malt beverages
20 [~~beer~~] at the cost price to the nearest distributor of the brand,
21 less any state taxes that have been paid, F.O.B. that distributor's
22 place of business. A brewer [~~manufacturer~~] or distributor may
23 purchase returnable bottles, containers, or packages at their
24 deposit price.

25 (c) If the distributor or brewer [~~manufacturer~~] does not
26 exercise the right to purchase the merchandise within 10 days after
27 being given the opportunity to purchase it, the insurer or

1 insurance salvor may sell it to any qualified licensee or permittee
2 as provided in Section 109.01 [~~of this code~~].

3 SECTION 345. Effective September 1, 2019, Section
4 109.05(a), Alcoholic Beverage Code, is amended to read as follows:

5 (a) When the commission is notified under this subchapter of
6 the acquisition of liquor or its containers or original packages,
7 it shall immediately notify the holder or holders of wholesaler's
8 or~~[,]~~ class B wholesaler's~~[, or local class B wholesaler's]~~ permits
9 who handle and regularly sell the brand or brands of liquor involved
10 and who operate in the area where the liquor is located, or who
11 operate in the nearest wet area if the liquor is in a dry area. The
12 commission shall also notify the nonresident seller's permittees
13 who handle the brand or brands of liquor involved, or the
14 nonresident seller's agents [~~manufacturer's agent's permittees~~] who
15 represent those nonresident seller's permittees.

16 SECTION 346. Section 109.08, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 109.08. EXCLUSION. Notwithstanding any other
19 provision of this code, a [~~no~~] person engaged in business as a
20 distiller, brewer, [~~manufacturer,~~] winery, or any other
21 manufacturing level producer of liquor or malt beverages [~~beer~~], or
22 their wholesalers or distributors, may not directly or indirectly
23 or through an affiliate require, by agreement or otherwise, that
24 any retailer engaged in the sale of liquor or malt beverages [~~beer~~]
25 purchase any such products from such person to the exclusion in
26 whole or in part of liquor or malt beverages [~~beer~~] sold or offered
27 for sale by other persons, or prevent, deter, hinder, or restrict

1 other persons from selling or offering for sale any such products to
2 any retailer.

3 SECTION 347. Section 109.21, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 109.21. HOME PRODUCTION OF WINE OR~~[, ALE,]~~ MALT
6 BEVERAGES [~~LIQUOR, OR BEER~~]. (a) The head of a family or an
7 unmarried adult may produce for the person's use or the use of the
8 person's [~~his~~] family [~~or himself~~] not more than 200 gallons of wine
9 or~~[, ale,]~~ malt beverages [~~liquor, or beer,~~] per year. No license
10 or permit is required.

11 (b) The commission may prohibit the use of any ingredient it
12 finds detrimental to health or susceptible of use to evade this
13 code. Only wine made from the normal alcoholic fermentation of the
14 juices of dandelions or grapes, raisins, or other fruits may be
15 produced under this section. Only [~~ale,~~] malt beverages [~~liquor,~~
16 ~~or beer~~] made from the normal alcoholic fermentation of malted
17 barley with hops, or their products, and with or without other
18 malted or unmalted cereals, may be produced under this section. The
19 possession of wine or~~[, ale,]~~ malt beverages [~~liquor, or beer~~]
20 produced under this section is not an offense if the person making
21 it complies with all provisions of this section and the wine or~~[,~~
22 ~~ale,~~] malt beverages are [~~liquor, or beer is~~] not distilled,
23 fortified, or otherwise altered to increase their [~~its~~] alcohol
24 content.

25 (c) There is no annual state fee for beverages produced in
26 compliance with this section.

27 SECTION 348. Section 109.22, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 109.22. DELIVERY OF HOME-PRODUCED WINE OR [~~OR ALE~~] MALT
3 BEVERAGES [~~LIQUOR, OR BEER~~] FOR CERTAIN PURPOSES. (a) This section
4 applies only to a person who is authorized under Section 109.21(a)
5 to produce wine or [~~ale~~] malt beverages [~~liquor, or beer~~].

6 (b) For the purpose of participating in an organized
7 tasting, evaluation, competition, or literary review, a person to
8 whom this section applies may deliver wine or [~~ale~~] malt
9 beverages [~~liquor, or beer~~] produced and manufactured by the person
10 to locations that are not licensed under this code for the purpose
11 of submitting those products to an evaluation at an organized
12 tasting competition that is closed to the general public or by a
13 reviewer whose reviews are published if:

14 (1) no charge of any kind is made for the wine or [~~ale~~]
15 beverages [~~liquor, or beer~~], for their [~~its~~] delivery,
16 or for attendance at the event; and

17 (2) the commission consents in writing to the
18 delivery.

19 (c) Nothing in this section shall be construed to authorize
20 an increase in the quantity of wine or [~~ale~~] malt beverages
21 [~~liquor, or beer~~] authorized to be produced by a person under the
22 authority of Section 109.21(a) [~~of this code~~].

23 SECTION 349. Section 109.32, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 109.32. MUNICIPAL AND COUNTY REGULATION OF MALT
26 BEVERAGES [~~BEER~~]. (a) An incorporated city or town by charter or
27 ordinance may:

1 (1) prohibit the sale of malt beverages [~~beer~~] in a
2 residential area; and

3 (2) regulate the sale of malt beverages [~~beer~~] and
4 prescribe the hours when malt beverages [~~it~~] may be sold, except the
5 city or town may not permit the sale of malt beverages [~~beer~~] when
6 the [~~its~~] sale of malt beverages is prohibited by this code.

7 (b) In a county that has only one incorporated city or town
8 that has a majority of the population of the county, according to
9 the most recent federal census, and where the city or town has
10 shortened the hours of sale for malt beverages [~~beer~~] on Sundays by
11 a valid charter amendment or ordinance before January 1, 1957, the
12 commissioners court may enter an order prohibiting the sale of malt
13 beverages [~~beer~~] on Sundays during the hours the sale of malt
14 beverages [~~it~~] is prohibited in the city or town. The order may
15 apply to all or part of the area of the county located outside the
16 city or town. The commissioners court may not adopt the order
17 unless it first publishes notice for four consecutive weeks in a
18 newspaper of general circulation in the county published in the
19 county or a nearby county.

20 (c) In exercising the authority granted by this section, the
21 city, town, or county may distinguish between retailers selling
22 malt beverages [~~beer~~] for on-premises consumption and retailers,
23 brewers [~~manufacturers~~], or distributors who do not sell malt
24 beverages [~~beer~~] for on-premises consumption.

25 SECTION 350. Sections 109.33(f) and (g), Alcoholic Beverage
26 Code, are amended to read as follows:

27 (f) Subsections (a)(2) and (3) do not apply to the holder

1 of:

2 (1) a retail on-premises consumption permit or license
3 if less than 50 percent of the gross receipts for the premises is
4 from the sale or service of alcoholic beverages;

5 (2) a retail off-premises consumption permit or
6 license if less than 50 percent of the gross receipts for the
7 premises, excluding the sale of items subject to the motor fuels
8 tax, is from the sale or service of alcoholic beverages; or

9 (3) a wholesaler's, distributor's, brewer's,
10 distiller's and rectifier's, or winery[, ~~wine bottler's or~~
11 ~~manufacturer's~~] permit or license, or any other license or permit
12 held by a wholesaler or manufacturer as those words are ordinarily
13 used and understood in Chapter 102.

14 (g) Subsection (a)(3) does not apply to the holder of:

15 (1) a [~~license or~~] permit issued under Chapter 30 [~~27,~~
16 ~~31, or 72~~] who is operating on the premises of a private school; or

17 (2) a license or permit covering a premise where
18 minors are prohibited from entering under Section 109.53 and that
19 is located within 1,000 feet of a private school.

20 SECTION 351. Section 109.53, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 109.53. CITIZENSHIP OF PERMITTEE; CONTROL OF
23 PREMISES; SUBTERFUGE OWNERSHIP; ETC. A [~~No~~] person who has not
24 been a citizen of Texas for a period of one year immediately
25 preceding the filing of the person's [~~his~~] application therefor is
26 not [~~shall be~~] eligible to receive a permit under this code. No
27 permit [~~except a brewer's permit, and such other licenses and~~

1 ~~permits as are necessary to the operation of a brewer's permit,~~
2 shall be issued to a corporation unless the same be incorporated
3 under the laws of the state and unless at least 51 percent of the
4 stock of the corporation is owned at all times by citizens who have
5 resided within the state for a period of one year and who possess
6 the qualifications required of other applicants for permits;
7 provided, however, that the restrictions contained in the preceding
8 clause shall not apply to domestic or foreign corporations that
9 were engaged in the legal alcoholic beverage business in this state
10 under charter or permit prior to August 24, 1935. Partnerships,
11 firms, and associations applying for permits shall be composed
12 wholly of citizens possessing the qualifications above enumerated.
13 Any corporation (except carrier) holding a permit under this code
14 which shall violate any provisions hereof, or any rule or
15 regulation promulgated hereunder, shall be subject to forfeiture of
16 its charter and it shall be the duty of the attorney general, when
17 any such violation is called to the attorney general's ~~his~~
18 attention, to file a suit for such cancellation in a district court
19 of Travis County. The ~~Such~~ provisions of this section that ~~as~~
20 require Texas citizenship or require incorporation in Texas do
21 ~~shall~~ not apply to the holders of ~~agent's, industrial, and~~
22 carrier's permits. A ~~No~~ person may not ~~shall~~ sell, warehouse,
23 store or solicit orders for any liquor in any wet area without first
24 having procured a permit of the class required for such privilege,
25 or consent to the use of or allow the person's ~~his~~ permit to be
26 displayed by or used by any person other than the one to whom the
27 permit was issued. It is the intent of the legislature to prevent

1 subterfuge ownership of or unlawful use of a permit or the premises
2 covered by such permit; and all provisions of this code shall be
3 liberally construed to carry out this intent, and it shall be the
4 duty of the commission or the administrator to provide strict
5 adherence to the general policy of preventing subterfuge ownership
6 and related practices hereinafter declared to constitute unlawful
7 trade practices. An [~~No~~] applicant for a package store permit or a
8 renewal of a package store permit may not [~~thereof shall have~~
9 ~~authority to~~] designate as "premise" and the commission [~~or~~
10 ~~administrator~~] shall not approve a lesser area than that
11 specifically defined as "premise" in Section 11.49(a) [~~of this~~
12 ~~code~~]. Every permittee shall have and maintain exclusive occupancy
13 and control of the entire licensed premises in every phase of the
14 storage, distribution, possession, and transportation and sale of
15 all alcoholic beverages purchased, stored or sold on the licensed
16 premises. Any device, scheme or plan which surrenders control of
17 the employees, premises or business of the permittee to persons
18 other than the permittee shall be unlawful. No minor, unless
19 accompanied by his or her parent, guardian, adult husband or adult
20 wife, or other adult person into whose custody he or she has been
21 committed for the time by some court, shall knowingly be allowed on
22 the premises of the holder of a package store permit. The
23 prohibition against the presence of a minor on the premises of the
24 holder of a package store permit does not apply to the presence on
25 the premises of the holder or a person lawfully employed by the
26 holder. Any package store permittee who shall be injured in the
27 permittee's [~~his~~] business or property by another package store

1 permittee by reason of anything prohibited in this section may
2 institute suit in any district court in the county wherein the
3 violation is alleged to have occurred to require enforcement by
4 injunctive procedures and/or to recover threefold the damages [~~by~~
5 ~~him~~] sustained by the permittee; plus costs of suit including a
6 reasonable attorney's fee. The provisions prohibiting the
7 licensing of only a portion of a building as premise for a package
8 store permit shall not apply to hotels as already defined in this
9 code.

10 SECTION 352. Section [109.531](#), Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 109.531. ADDITIONAL REQUIREMENTS FOR APPLICATION OR
13 RENEWAL OF PERMIT, ~~[OR]~~ LICENSE, OR CERTIFICATE BY OUT-OF-STATE
14 RESIDENTS. In addition to any other requirement for a license, ~~[or]~~
15 permit, or certificate under this code, a person who has not been a
16 citizen of this state for a period of one year preceding the date
17 the person filed an application for a permit, ~~[or]~~ license, or
18 certificate under Chapter [25](#), [26](#), [28](#), [29](#), [30](#), [32](#) [~~Chapters 25-34,~~
19 [44](#)], [48](#), [50](#) [~~48-51~~], [69](#), [71](#) [~~69-72~~], or [~~Chapter~~] [74](#) [~~of this code~~]
20 shall:

21 (1) designate an agent, who is a citizen of this state,
22 to represent the person in matters before the commission and to be
23 responsible for the proper conduct of any activity of the licensee
24 or permittee; and

25 (2) submit to a criminal history background check.

26 SECTION 353. Section [109.54](#)(a), Alcoholic Beverage Code, is
27 amended to read as follows:

1 (a) Any licensee who has purchased malt beverages [~~beer~~] for
2 sale at the site of a festival or civic celebration which has been
3 held annually for at least 15 years during a specified period not
4 exceeding 10 days shall be authorized for 24 hours following the
5 official close of the celebration to sell any malt beverages [~~beer~~]
6 remaining at the site to any licensee or permittee authorized to
7 purchase malt beverages [~~beer~~] for resale.

8 SECTION 354. Section 109.57(e), Alcoholic Beverage Code, is
9 amended to read as follows:

10 (e) A municipality located in a county that has a population
11 of 2.2 million or more and that is adjacent to a county with a
12 population of more than 600,000 or a municipality located in a
13 county with a population of 600,000 or more and that is adjacent to
14 a county with a population of 2.2 million or more may regulate, in a
15 manner not otherwise prohibited by law, the location of an
16 establishment issued a permit under Chapter 32 [~~or 33~~] if:

17 (1) the establishment derives 35 percent or more of
18 the establishment's gross revenue from the on-premises sale or
19 service of alcoholic beverages and the premises of the
20 establishment are located in a dry area; and

21 (2) the permit is not issued to a fraternal or veterans
22 organization or the holder of a food and beverage certificate.

23 SECTION 355. Sections 109.62(c) and (e), Alcoholic Beverage
24 Code, are amended to read as follows:

25 (c) A holder of one of the following permits or licenses [~~a~~
26 ~~permit or license under Chapter 41, 42, or 68~~] may make deliveries
27 to and pick up deliveries from the alternate location in the same

1 manner as this code and commission rules provide for the
2 distributor's or wholesaler's licensed or permitted premises:

- 3 (1) a distiller's and rectifier's permit;
- 4 (2) a winery permit;
- 5 (3) a wholesaler's permit;
- 6 (4) a general class B wholesaler's permit;
- 7 (5) a carrier permit;
- 8 (6) a brewer's license; or
- 9 (7) a general distributor's license.

10 (e) The alternate location must be in an area where the sale
11 of the applicable alcoholic beverages has been approved by a local
12 option election or where the distributor or wholesaler had been
13 operating under Section 251.77 or 251.78. If [~~beer, ale, or~~] malt
14 beverages are [~~liquor is~~] handled at the alternate location, the
15 alternate location must be in the area assigned to the distributor
16 [~~or wholesaler~~] under Subchapters C and D, Chapter 102.

17 SECTION 356. Section 109.63(a), Alcoholic Beverage Code, is
18 amended to read as follows:

19 (a) This section applies to the holder of a [~~brewer's~~
20 ~~permit,~~] distiller's and rectifier's permit, winery permit, [~~wine~~
21 ~~bottler's permit,~~] or brewer's [~~manufacturer's~~] license.

22 SECTION 357. Effective September 1, 2019, Section 109.64,
23 Alcoholic Beverage Code, is amended to read as follows:

24 Sec. 109.64. BULK PURCHASE FOR [~~BY HOLDER OF~~] INDUSTRIAL
25 USE [~~PERMIT~~]. Section 102.32 applies to the bulk purchase of liquor
26 for purposes described by Section 38.01 [~~the holder of an~~
27 ~~industrial permit~~] from the holder of a wholesaler's permit.

1 SECTION 358. The heading to Subchapter A, Chapter 201,
2 Alcoholic Beverage Code, is amended to read as follows:

3 SUBCHAPTER A. TAX ON LIQUOR [~~OTHER THAN ALE AND MALT LIQUOR~~]

4 SECTION 359. Section 201.01, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 201.01. LIQUOR. In this subchapter, "liquor" does not
7 include malt beverages [~~ale or malt liquor~~].

8 SECTION 360. Section 201.17, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 201.17. LIQUOR IN METRIC CONTAINERS. For the purpose
11 of the taxes imposed on liquor by this subchapter [~~and on ale and~~
12 ~~malt liquor by Subchapter B of this chapter~~], if the liquor is in
13 metric containers the amount of tax due is determined by converting
14 the metric amount into the equivalent amount in gallons and
15 applying the appropriate tax rate. The commission shall prepare
16 tables showing the amount of tax due on various types of liquor[
17 ~~including ale and malt liquor,~~] in metric containers.

18 SECTION 361. Section 201.72, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 201.72. DUTY TO PRINT. The commission and the board of
21 control shall have engraved or printed the liquor and malt beverage
22 [~~beer~~] tax stamps required by this code. The board of control shall
23 let the contracts for the stamps required by this code as provided
24 by law. The commission shall expend funds necessary to keep an
25 ample supply of stamps on hand.

26 SECTION 362. The heading to Chapter 203, Alcoholic Beverage
27 Code, is amended to read as follows:

CHAPTER 203. MALT BEVERAGE [~~BEER~~] TAX

SECTION 363. Section 203.01, Alcoholic Beverage Code, is amended to read as follows:

Sec. 203.01. TAX ON MALT BEVERAGES [~~BEER~~]. A tax is imposed on the first sale of malt beverages brewed [~~beer-manufactured~~] in this state or imported into this state at the rate of six dollars per barrel.

SECTION 364. Section 203.02, Alcoholic Beverage Code, is amended to read as follows:

Sec. 203.02. "FIRST SALE". In this chapter, "first sale" means:

(1) the first actual sale of malt beverages [~~beer~~]:

(A) by the holder of a distributor's license or by the holder of a brewer's [~~manufacturer's~~] license acting under the authority of Section 62A.02 [~~62.12~~], to:

(i) a permittee or licensee authorized to sell to ultimate consumers;

(ii) a local distributor permittee; or

(iii) a private club registration permittee; or

(B) by a brewpub licensee to a consumer or a permittee or licensee authorized to sell malt beverages [~~beer~~] to ultimate consumers; or

(2) the importation of malt beverages [~~beer~~] under Section 107.07.

SECTION 365. Section 203.03(a), Alcoholic Beverage Code, is amended to read as follows:

1 (a) The licensee making the taxable first sale shall pay the
2 tax on malt beverages [~~beer~~] imposed under Section 203.01 [~~of this~~
3 ~~code~~].

4 SECTION 366. Section 203.04, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 203.04. TAX ON UNSALABLE MALT BEVERAGES [~~BEER~~]. No tax
7 imposed under Section 203.01 [~~of this code~~] may be imposed or
8 collected on malt beverages [~~beer~~] that for any reason have [~~has~~]
9 been found and declared to be unsalable by the commission or
10 administrator. A brewer [~~manufacturer~~] or distributor is entitled
11 to a refund of any tax the brewer or distributor [~~he~~] has paid on
12 unsalable malt beverages [~~beer~~].

13 SECTION 367. Sections 203.05(a) and (b), Alcoholic Beverage
14 Code, are amended to read as follows:

15 (a) No tax may be collected on malt beverages [~~beer~~]:

16 (1) shipped out of this state for consumption outside
17 of this state;

18 (2) sold aboard ships for ship's supplies; or

19 (3) shipped to any installation of the national
20 military establishment under federal jurisdiction for consumption
21 by military personnel on that installation.

22 (b) The commission shall provide forms on which
23 distributors and brewers [~~manufacturers~~] may claim these
24 exemptions from the tax on malt beverages [~~beer~~].

25 SECTION 368. Section 203.06, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 203.06. EXCESS TAX. A brewer [~~manufacturer~~] or

1 distributor is entitled to a refund or credit on future tax payment
2 for any excess tax on malt beverages [~~beer~~] paid through oversight,
3 mistake, error, or miscalculation.

4 SECTION 369. Section 203.07(b), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (b) Necessary funds from the collection of the malt
7 beverages [~~beer~~] tax before it is allocated may be appropriated for
8 the payment of malt beverages [~~beer~~] tax refunds.

9 SECTION 370. Sections 203.09(a) and (b), Alcoholic Beverage
10 Code, are amended to read as follows:

11 (a) The commission may require brewers [~~manufacturers~~] of
12 malt beverages brewed [~~beer-manufactured~~] in this state or imported
13 into this state, importers, and distributors to provide information
14 as to purchases, sales, and shipments to enable the commission to
15 collect the full amount of the malt beverages [~~beer~~] tax due. No
16 brewer [~~manufacturer~~], importer, or distributor may fail or refuse
17 to furnish the information.

18 (b) The commission may seize or withhold from sale the
19 manufacturer's, importer's, or distributor's malt beverages [~~beer~~]
20 for failure or refusal to supply the information required under
21 Subsection (a) [~~of this section~~] or to permit the commission to make
22 an investigation of pertinent records whether inside or outside
23 this state.

24 SECTION 371. Section 203.10, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 203.10. PAYMENT OF TAXES; DISCOUNT. The tax on malt
27 beverages [~~beer~~] shall be paid by a remittance payable to the

1 comptroller and forwarded with any required sworn statements of
2 taxes due to the commission in Austin on or before the due date. A
3 discount of two percent of the amount due shall be withheld by the
4 permittee or licensee for keeping records, furnishing bonds, and
5 properly accounting for the remittance of the tax due. No discount
6 is permitted if the tax is delinquent at the time of payment.

7 SECTION 372. Section 203.11, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 203.11. EVIDENCE IN SUIT. In a suit brought to enforce
10 the collection of tax due on malt beverages brewed [~~beer~~
11 ~~manufactured~~] in or imported into this state, a certificate by the
12 commission or administrator showing the delinquency is prima facie
13 evidence of:

14 (1) the levy of the tax or the delinquency of the
15 stated amount of tax and penalty; and

16 (2) compliance by the commission with the provisions
17 of this code in relation to the computation and levy of the tax.

18 SECTION 373. Section 203.12, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 203.12. TAX LIABILITY. A person possessing malt
21 beverages [~~beer~~] on which the tax is delinquent is liable for the
22 delinquent taxes in addition to the criminal penalties.

23 SECTION 374. Sections 204.01(a), (b), (f), and (i),
24 Alcoholic Beverage Code, are amended to read as follows:

25 (a) Except as otherwise provided in this section, the
26 following licensees and permittees shall furnish a bond:

27 (1) those authorized to import alcoholic beverages

1 into the state;

2 (2) brewers [~~manufacturers~~] of malt beverages [~~beer~~
3 ~~and brewers of ale or malt liquor~~] in the state; and

4 (3) all other permittees.

5 (b) A [~~No~~] bond is not required of a holder of a mixed
6 beverage, private club registration, carrier [~~carriers~~], local
7 cartage, wine and malt beverage retailer's [~~beer retailers~~], or
8 nonresident seller's [~~, manufacturer's agent's, or agent's~~] permit.

9 (f) The holder of a wholesaler's or class B wholesaler's
10 permit, the holder of a winery [~~or wine bottler's~~] permit, or the
11 holder of a distributor's license is not required to furnish a bond
12 if for the preceding 36 months the permittee or licensee has paid
13 all taxes and fees required by this code on or before the due date.

14 (i) A permittee or licensee who qualifies for an exemption
15 under Subsection (f) [~~of this section~~] is also exempt from the
16 bonding requirement for any other wholesaler's permit, class B
17 wholesaler's permit, winery permit, [~~wine bottler's permit,~~] or
18 distributor's license currently held by or subsequently issued to
19 the same permittee or licensee for use at licensed premises
20 different from and additional to those covered by the permit or
21 license under which the permittee or licensee qualified for
22 exemption. However, if a permittee or licensee fails to pay a tax
23 or fee imposed by this code on or before the due date and the
24 permittee or licensee holds multiple permits or licenses, the
25 requirement for a bond or tax security shall be imposed or reimposed
26 under Subsection (g) [~~of this section~~] only on the permit or license
27 covering the licensed premises for which the tax or fee and any

1 applicable penalty were not timely paid.

2 SECTION 375. Section 204.03(d), Alcoholic Beverage Code, is
3 amended to read as follows:

4 (d) Bonds, letters of credit, or certificates of deposit to
5 insure the payment of the tax on distilled spirits imposed by
6 Section 201.03 [~~of this code~~], the tax on vinous liquor imposed by
7 Section 201.04 [~~of this code~~], [~~the tax on ale and malt liquor~~
8 ~~imposed by Section 201.42 of this code,~~] or the tax on malt
9 beverages [~~beer~~] imposed by Section 203.01 [~~of this code~~], shall be
10 set at an amount that will protect the state against the anticipated
11 tax liability of the principal for any six-week period.

12 SECTION 376. Sections 251.725(a) and (b), Alcoholic
13 Beverage Code, are amended to read as follows:

14 (a) This section applies only to a municipality whose local
15 option status allows for the legal sale of malt beverages [~~beer~~] and
16 wine for off-premise consumption only as a result of a local option
17 election on the applicable ballot issue held on or after January 1,
18 1985.

19 (b) The governing body of a municipality described by
20 Subsection (a) may adopt an ordinance authorizing the sale of malt
21 beverages [~~beer~~] and wine for off-premise consumption in an area
22 annexed by the municipality after that election if at the time the
23 ordinance is adopted:

24 (1) the annexed area is not more than one percent of
25 the total area covered by the municipality;

26 (2) all of the land in the annexed area is zoned for
27 commercial use only; and

1 (3) the annexed area is not adjacent to residential,
2 church, or school property.

3 SECTION 377. Section 251.75, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 251.75. CONTINUANCE OF OPERATION AS ~~[MANUFACTURER OR]~~
6 BREWER. Notwithstanding any other provision of this code, if the
7 sale of malt beverages ~~[beer or ale]~~ is prohibited in an area by a
8 local option election, a holder of a brewer's ~~[manufacturer's]~~
9 license ~~[or brewer's permit]~~ that was issued prior to the election
10 may not be denied an original or renewal brewer's ~~[manufacturer's]~~
11 license ~~[or brewer's permit]~~ for the same location on the ground
12 that the local option status of the area prohibits the sale of malt
13 beverages ~~[beer or ale]~~. Except for the right to sell malt
14 beverages ~~[beer or ale]~~ contrary to the local option status of the
15 area, the licensee ~~[or permittee]~~ may engage in all activities
16 authorized by the license ~~[or permit]~~, including the
17 ~~[manufacturing,]~~ brewing, possessing, storing, and packaging of
18 malt beverages ~~[beer or ale]~~, and transporting the malt beverages
19 ~~[it]~~ to an area where the ~~[its]~~ sale of malt beverages is legal. The
20 licensee ~~[or permittee]~~ may deliver malt beverages ~~[beer or ale]~~ at
21 the licensee's ~~[his licensed]~~ premises to a purchaser from outside
22 the state, an authorized carrier, or distributor~~[, or class B~~
23 ~~wholesaler]~~. The purchaser, carrier, or distributor~~[, or class B~~
24 ~~wholesaler]~~ may not receive the malt beverages ~~[beer or ale]~~ for
25 transportation unless there has first been an order, acceptance,
26 and payment or legal satisfaction of payment in an area where the
27 sale of malt beverages ~~[beer or ale]~~ is legal.

1 SECTION 378. Section 251.77, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 251.77. CONTINUANCE OF OPERATION AS DISTRIBUTOR. (a)
4 Notwithstanding any other provision of this code, if the sale of
5 malt beverages [~~beer~~] is prohibited by local option election, a
6 licensed distributor of malt beverages [~~beer~~] whose warehouse or
7 other facilities used in connection with the distributorship are
8 located in the area affected, has the right to continue to operate
9 as a distributor in that area and maintain the necessary premises
10 and facilities for distribution. The distributor continues to
11 enjoy all the rights and privileges incident to distributorship,
12 including the right to possess, store, warehouse, and sell malt
13 beverages [~~beer~~] in that area, and deliver malt beverages [~~beer~~]
14 into and out of that area.

15 (b) A distributor in the area affected may sell or deliver
16 malt beverages [~~beer~~] only to licensed outlets located where the
17 sale of malt beverages [~~beer~~] is legal.

18 SECTION 379. Effective September 1, 2019, Section 251.79,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 251.79. AREAS IN WHICH CERTAIN PERMITS AND LICENSES
21 MAY BE ISSUED. Notwithstanding any other provision of this code, a
22 wholesaler's permit, general class B wholesaler's permit, [~~local~~
23 ~~class B wholesaler's permit,~~] or general[, ~~local~~] or branch
24 distributor's license may be issued and licensed premises
25 maintained in any area where the sale of any alcoholic beverage is
26 legal. A person issued a permit or license under this section may
27 exercise all rights and privileges of other permittees and

1 licensees of the same class.

2 SECTION 380. Subchapter D, Chapter 251, Alcoholic Beverage
3 Code, is amended by adding Section 251.811 to read as follows:

4 Sec. 251.811. SALE OF MALT BEVERAGES. (a) If before
5 September 1, 2021, the sale of beer was approved in an area by a
6 local option election that approved the sale of beer only, an
7 alcoholic beverage license or permit holder may not sell in that
8 area malt beverages containing more than five percent alcohol by
9 volume unless a subsequent local option election approves the sale
10 of malt beverages or malt beverages and other alcoholic beverages.

11 (b) The commission shall, on the face of each retail
12 license, indicate whether the holder may only sell malt beverages
13 that do not exceed five percent alcohol by volume.

14 SECTION 381. Article 18.17(a), Code of Criminal Procedure,
15 is amended to read as follows:

16 (a) All unclaimed or abandoned personal property of every
17 kind, other than contraband subject to forfeiture under Chapter 59
18 [~~of this code~~] and whiskey, wine and malt beverages [~~beer~~], seized
19 by any peace officer in the State of Texas which is not held as
20 evidence to be used in any pending case and has not been ordered
21 destroyed or returned to the person entitled to possession of the
22 same by a magistrate, which shall remain unclaimed for a period of
23 30 days shall be delivered for disposition to a person designated by
24 the municipality or the purchasing agent of the county in which the
25 property was seized. If a peace officer of a municipality seizes
26 the property, the peace officer shall deliver the property to a
27 person designated by the municipality. If any other peace officer

1 seizes the property, the peace officer shall deliver the property
2 to the purchasing agent of the county. If the county has no
3 purchasing agent, then such property shall be disposed of by the
4 sheriff of the county.

5 SECTION 382. Section 501.001(1), Election Code, is amended
6 to read as follows:

7 (1) "Alcoholic beverage," [~~"beer,"~~] "commission,"
8 "liquor," "malt beverage," "mixed beverage," and "wine and vinous
9 liquor" have the meanings assigned by Section 1.04, Alcoholic
10 Beverage Code.

11 SECTION 383. Sections 501.035(a), (b), and (c), Election
12 Code, are amended to read as follows:

13 (a) In the ballot issues prescribed by this section, "wine"
14 is limited to vinous beverages that do not contain more than 17
15 percent alcohol by volume and "malt beverages" are limited to
16 ~~[includes]~~ malt beverages that do not contain more than 17 percent
17 ~~[exceed that]~~ alcohol by volume ~~[content]~~. For local option
18 purposes, those beverages, sold and dispensed to the public in
19 unbroken, sealed, individual containers, are a separate and
20 distinct type of alcoholic beverage.

21 (b) In an area where any type or classification of alcoholic
22 beverages is prohibited and the issue submitted pertains to
23 legalization of the sale of one or more of the prohibited types or
24 classifications, the ballot shall be prepared to permit voting for
25 or against the one of the following issues that applies:

26 (1) "The legal sale of malt beverages ~~[beer]~~ for
27 off-premise consumption only."

1 (2) "The legal sale of malt beverages [~~beer~~]."

2 (3) "The legal sale of malt beverages [~~beer~~] and wine
3 for off-premise consumption only."

4 (4) "The legal sale of malt beverages [~~beer~~] and
5 wine."

6 (5) "The legal sale of all alcoholic beverages for
7 off-premise consumption only."

8 (6) "The legal sale of all alcoholic beverages except
9 mixed beverages."

10 (7) "The legal sale of all alcoholic beverages
11 including mixed beverages."

12 (8) "The legal sale of mixed beverages."

13 (9) "The legal sale of mixed beverages in restaurants
14 by food and beverage certificate holders only."

15 (10) "The legal sale of wine on the premises of a
16 holder of a winery permit."

17 (c) In an area where the sale of any type or classification
18 of alcoholic beverages has been legalized, the ballot for a
19 prohibitory election shall be prepared to permit voting for or
20 against the one of the following issues that applies:

21 (1) "The legal sale of malt beverages [~~beer~~] for
22 off-premise consumption only."

23 (2) "The legal sale of malt beverages [~~beer~~]."

24 (3) "The legal sale of malt beverages [~~beer~~] and wine
25 for off-premise consumption only."

26 (4) "The legal sale of malt beverages [~~beer~~] and
27 wine."

1 (5) "The legal sale of all alcoholic beverages for
2 off-premise consumption only."

3 (6) "The legal sale of all alcoholic beverages except
4 mixed beverages."

5 (7) "The legal sale of all alcoholic beverages
6 including mixed beverages."

7 (8) "The legal sale of mixed beverages."

8 (9) "The legal sale of mixed beverages in restaurants
9 by food and beverage certificate holders only."

10 (10) "The legal sale of wine on the premises of a
11 holder of a winery permit."

12 SECTION 384. Section [437.110](#)(a), Government Code, is
13 amended to read as follows:

14 (a) The department may establish and contract for the
15 operation of not more than three military-type post exchanges
16 similar to those operated by the armed forces of the United States
17 on any real property under the management and control of the
18 department. A post exchange may sell, lease, or rent goods and
19 services, including firearms, tobacco products, prepared foods,
20 and malt beverages [~~beer~~] and wine but not distilled spirits. The
21 department may designate facilities located on state property to
22 use for purposes of this section.

23 SECTION 385. Section [466.155](#)(a), Government Code, is
24 amended to read as follows:

25 (a) After a hearing, the director shall deny an application
26 for a license or the commission shall suspend or revoke a license if
27 the director or commission, as applicable, finds that the applicant

1 or sales agent:

2 (1) is an individual who:

3 (A) has been convicted of a felony, criminal
4 fraud, gambling or a gambling-related offense, or a misdemeanor
5 involving moral turpitude, if less than 10 years has elapsed since
6 the termination of the sentence, parole, mandatory supervision, or
7 probation served for the offense;

8 (B) is or has been a professional gambler;

9 (C) is married to an individual:

10 (i) described in Paragraph (A) or (B); or

11 (ii) who is currently delinquent in the
12 payment of any state tax;

13 (D) is an officer or employee of the commission
14 or a lottery operator; or

15 (E) is a spouse, child, brother, sister, or
16 parent residing as a member of the same household in the principal
17 place of residence of a person described by Paragraph (D);

18 (2) is not an individual, and an individual described
19 in Subdivision (1):

20 (A) is an officer or director of the applicant or
21 sales agent;

22 (B) holds more than 10 percent of the stock in the
23 applicant or sales agent;

24 (C) holds an equitable interest greater than 10
25 percent in the applicant or sales agent;

26 (D) is a creditor of the applicant or sales agent
27 who holds more than 10 percent of the applicant's or sales agent's

1 outstanding debt;

2 (E) is the owner or lessee of a business that the
3 applicant or sales agent conducts or through which the applicant
4 will conduct a ticket sales agency;

5 (F) shares or will share in the profits, other
6 than stock dividends, of the applicant or sales agent; or

7 (G) participates in managing the affairs of the
8 applicant or sales agent;

9 (3) has been finally determined to be:

10 (A) delinquent in the payment of a tax or other
11 money collected by the comptroller, the Texas Workforce Commission,
12 or the Texas Alcoholic Beverage Commission;

13 (B) in default on a loan made under Chapter 52,
14 Education Code; or

15 (C) in default on a loan guaranteed under Chapter
16 57, Education Code;

17 (4) is a person whose location for the sales agency is:

18 (A) a location licensed for games of bingo under
19 Chapter 2001, Occupations Code;

20 (B) on land that is owned by:

21 (i) this state; or

22 (ii) a political subdivision of this state
23 and on which is located a public primary or secondary school, an
24 institution of higher education, or an agency of the state; or

25 (C) a location for which a person holds a wine and
26 malt beverage [~~beer~~] retailer's permit, mixed beverage permit,
27 mixed beverage permit with a retailer late hours certificate

1 ~~[permit]~~, private club registration permit, or private club
2 registration permit with a retailer late hours certificate ~~[permit]~~
3 issued under Chapter 25, 28, 29, or 32, ~~[or 33]~~ Alcoholic Beverage
4 Code, other than a location for which a person holds a wine and malt
5 beverage ~~[beer]~~ retailer's permit issued under Chapter 25,
6 Alcoholic Beverage Code, that derives less than 30 percent of the
7 location's gross receipts from the sale or service of alcoholic
8 beverages; or

9 (5) has violated this chapter or a rule adopted under
10 this chapter.

11 SECTION 386. Effective September 1, 2019, Section
12 431.2211(c), Health and Safety Code, is amended to read as follows:

13 (c) This subchapter does not apply to the distribution of
14 beverages in sealed containers by holders of licenses or permits
15 issued under Chapter 19, 20, ~~[21]~~ 23, or 64, ~~[or 65]~~ Alcoholic
16 Beverage Code. The provisions of the Alcoholic Beverage Code
17 prevail to the extent of any conflict with this chapter.

18 SECTION 387. Section 438.013(c), Health and Safety Code, is
19 amended to read as follows:

20 (c) In this section, "liquor dispensary" means a place where
21 malt beverages ~~[beer, ale]~~, wine, or any other alcoholic beverage
22 is stored, prepared, labeled, bottled, served, or handled.

23 SECTION 388. Sections 1956.001(1) and (10), Occupations
24 Code, are amended to read as follows:

25 (1) "Aluminum material" means a product made from
26 aluminum, an aluminum alloy, or an aluminum by-product. The term
27 includes aluminum wiring and an aluminum malt beverage ~~[beer]~~ keg

1 but does not include another type of aluminum can used to contain a
2 food or beverage.

3 (10) "Regulated metal" means:

4 (A) manhole covers;

5 (B) guardrails;

6 (C) metal cylinders designed to contain
7 compressed air, oxygen, gases, or liquids;

8 (D) malt beverage [~~beer~~] kegs made from metal
9 other than aluminum;

10 (E) historical markers or cemetery vases,
11 receptacles, or memorials made from metal other than aluminum;

12 (F) unused rebar;

13 (G) street signs;

14 (H) drain gates;

15 (I) safes;

16 (J) communication, transmission, and service
17 wire or cable;

18 (K) condensing or evaporator coils for central
19 heating or air conditioning units;

20 (L) utility structures, including the fixtures
21 and hardware;

22 (M) aluminum or stainless steel containers
23 designed to hold propane for fueling forklifts;

24 (N) metal railroad equipment, including tie
25 plates, signal houses, control boxes, signs, signals, traffic
26 devices, traffic control devices, traffic control signals, switch
27 plates, e-clips, and rail tie functions;

1 (O) catalytic converters not attached to a
2 vehicle;

3 (P) fire hydrants;

4 (Q) metal bleachers or other seating facilities
5 used in recreational areas or sporting arenas;

6 (R) any metal item clearly and conspicuously
7 marked with any form of the name, initials, or logo of a
8 governmental entity, utility, cemetery, or railroad;

9 (S) insulated utility, communications, or
10 electrical wire that has been burned in whole or in part to remove
11 the insulation;

12 (T) backflow valves;

13 (U) metal in the form of commonly recognized
14 products of the industrial metals recycling process, including
15 bales, briquettes, billets, sows, ingots, pucks, and chopped or
16 shredded metals; and

17 (V) commercial grade lead batteries or lead-acid
18 batteries.

19 SECTION 389. Effective September 1, 2019, Section 2401.002,
20 Occupations Code, is amended to read as follows:

21 Sec. 2401.002. APPLICATION OF CHAPTER. This chapter does
22 not apply to a person who:

23 (1) acts as a customs broker as defined by 19 U.S.C.
24 Section 1641;

25 (2) operates trucks and delivery vehicles in the
26 wholesale distribution of alcoholic beverages under Chapter 19, 20,
27 or [~~21,~~] 64, [~~or 65,~~] Alcoholic Beverage Code; or

1 (3) acts as an ocean freight forwarder as defined by 46
2 U.S.C. Section 1702.

3 SECTION 390. Effective September 1, 2019, Section
4 [111.006](#)(h), Tax Code, is amended to read as follows:

5 (h) The comptroller shall disclose information to a person
6 regarding net sales by quantity, brand, and size that is submitted
7 in a report required under Section [151.462](#) if:

8 (1) the person requesting the information holds a
9 permit or license under Chapter [19](#), [20](#), [~~[21](#)~~] [37](#), [64](#), [~~[65](#)~~] or [66](#),
10 Alcoholic Beverage Code; and

11 (2) the request relates only to information regarding
12 the sale of a product distributed by the person making the request.

13 SECTION 391. Section [151.054](#)(d), Tax Code, is amended to
14 read as follows:

15 (d) A sale of liquor, wine, [~~beer~~] or malt beverages
16 [~~liquor~~] by the holder of a brewer's [~~manufacturer's~~] license,
17 wholesaler's permit, general class B wholesaler's permit, [~~local~~
18 ~~class B wholesaler's permit~~] local distributor's permit, or a
19 general[~~, local~~] or branch distributor's license issued under the
20 Alcoholic Beverage Code to the holder of a retail license or permit
21 issued under the Alcoholic Beverage Code is presumed to be a sale
22 for resale. In a sale to which this section applies, the seller is
23 not required to receive a resale certificate from the purchaser.

24 SECTION 392. Sections [151.461](#)(1), (2), (5), and (6), Tax
25 Code, are amended to read as follows:

26 (1) "Brewer" means a person required to hold a brewer's
27 license [~~permit~~] under Chapter [62](#) [~~12~~], Alcoholic Beverage Code.

1 (2) "Distributor" means a person required to hold:

2 (A) a general distributor's license under
3 Chapter 64, Alcoholic Beverage Code; or

4 ~~(B) [a local distributor's license under Chapter~~
5 ~~65, Alcoholic Beverage Code; or~~

6 ~~[(C)]~~ a branch distributor's license under
7 Chapter 66, Alcoholic Beverage Code.

8 (5) "Retailer" means a person required to hold:

9 (A) a wine and malt beverage ~~[beer]~~ retailer's
10 permit under Chapter 25, Alcoholic Beverage Code;

11 (B) a wine and malt beverage ~~[beer]~~ retailer's
12 off-premise permit under Chapter 26, Alcoholic Beverage Code;

13 (C) a nonprofit entity temporary event ~~[wine and~~
14 ~~beer retailer's]~~ permit ~~[or special three-day wine and beer permit]~~
15 under Chapter 30 ~~[27]~~, Alcoholic Beverage Code;

16 (D) a mixed beverage permit under Chapter 28,
17 Alcoholic Beverage Code;

18 ~~(E) [a daily temporary mixed beverage permit~~
19 ~~under Chapter 30, Alcoholic Beverage Code;~~

20 ~~[(F)]~~ a private club registration permit under
21 Chapter 32, Alcoholic Beverage Code;

22 (F) ~~[(G)]~~ a certificate issued to a fraternal or
23 veterans organization under Section 32.11, Alcoholic Beverage
24 Code;

25 (G) ~~[(H)]~~ a daily temporary private club permit
26 under Subchapter B, Chapter 33, Alcoholic Beverage Code;

27 ~~[(I)]~~ a temporary auction permit under Chapter 53,

1 ~~Alcoholic Beverage Code;~~

2 [~~(J)~~] a retail dealer's on-premise license under
3 Chapter 69, Alcoholic Beverage Code;

4 [~~(K)~~ a temporary license under Chapter 72,
5 ~~Alcoholic Beverage Code;~~] or

6 (H) [~~(L)~~] a retail dealer's off-premise license
7 under Chapter 71, Alcoholic Beverage Code, except for a dealer who
8 also holds a package store permit under Chapter 22, Alcoholic
9 Beverage Code.

10 (6) "Wholesaler" means a person required to hold:

11 (A) a winery permit under Chapter 16, Alcoholic
12 Beverage Code;

13 (B) a wholesaler's permit under Chapter 19,
14 Alcoholic Beverage Code; or

15 (C) a general Class B wholesaler's permit under
16 Chapter 20, Alcoholic Beverage Code [~~, or~~

17 [~~(D)~~ a local Class B wholesaler's permit under
18 Chapter 21, Alcoholic Beverage Code].

19 SECTION 393. Section 151.462, Tax Code, is amended to read
20 as follows:

21 Sec. 151.462. REPORTS BY BREWERS, [~~MANUFACTURERS,~~
22 WHOLESALERS, AND DISTRIBUTORS. (a) The comptroller shall require
23 each brewer, [~~manufacturer,~~] wholesaler, distributor, or package
24 store local distributor to file with the comptroller a report each
25 month of alcoholic beverage sales to retailers in this state.

26 (b) Each brewer, [~~manufacturer,~~] wholesaler, distributor,
27 or package store local distributor shall file a separate report for

1 each permit or license held on or before the 25th day of each month.
2 The report must contain the following information for the preceding
3 calendar month's sales in relation to each retailer:

4 (1) the brewer's, [~~manufacturer's,~~] wholesaler's,
5 distributor's, or package store local distributor's name, address,
6 taxpayer number and outlet number assigned by the comptroller, and
7 alphanumeric permit or license number issued by the Texas Alcoholic
8 Beverage Commission;

9 (2) the retailer's:

10 (A) name and address, including street name and
11 number, city, and zip code;

12 (B) taxpayer number assigned by the comptroller;
13 and

14 (C) alphanumeric permit or license number issued
15 by the Texas Alcoholic Beverage Commission for each separate retail
16 location or outlet to which the brewer, [~~manufacturer,~~] wholesaler,
17 distributor, or package store local distributor sold the alcoholic
18 beverages that are listed on the report; and

19 (3) the monthly net sales made by the brewer,
20 [~~manufacturer,~~] wholesaler, distributor, or package store local
21 distributor to the retailer for each outlet or location covered by a
22 separate retail permit or license issued by the Texas Alcoholic
23 Beverage Commission, including separate line items for:

24 (A) the number of units of alcoholic beverages;

25 (B) the individual container size and pack of
26 each unit;

27 (C) the brand name;

1 (D) the type of beverage, such as distilled
2 spirits, wine, or malt beverage;

3 (E) the universal product code of the alcoholic
4 beverage; and

5 (F) the net selling price of the alcoholic
6 beverage.

7 (c) Except as provided by this subsection, the brewer,
8 ~~[manufacturer,~~ wholesaler, distributor, or package store local
9 distributor shall file the report with the comptroller
10 electronically. The comptroller may establish procedures to
11 temporarily postpone the electronic reporting requirement for a
12 brewer, ~~[manufacturer,~~ wholesaler, distributor, or package store
13 local distributor who demonstrates to the comptroller an inability
14 to comply because undue hardship would result if it were required to
15 file the return electronically. If the comptroller determines that
16 another technological method of filing the report is more efficient
17 than electronic filing, the comptroller may establish procedures
18 requiring its use by brewers, ~~[manufacturers,~~ wholesalers,
19 distributors, and package store local distributors.

20 SECTION 394. Section 151.466, Tax Code, is amended to read
21 as follows:

22 Sec. 151.466. APPLICABILITY TO CERTAIN BREWERS
23 ~~[MANUFACTURERS]~~. This subchapter applies only to a brewer
24 ~~[manufacturer]~~ licensed under Chapter 62A, Alcoholic Beverage
25 Code.

26 SECTION 395. Section 151.468(b), Tax Code, is amended to
27 read as follows:

1 (b) In addition to the penalties imposed under Subsection
2 (a), a brewer, [~~manufacturer,~~] wholesaler, distributor, or package
3 store local distributor shall pay the state a civil penalty of not
4 less than \$25 or more than \$2,000 for each day a violation continues
5 if the brewer, [~~manufacturer,~~] wholesaler, distributor, or package
6 store local distributor:

7 (1) violates this subchapter; or

8 (2) violates a rule adopted to administer or enforce
9 this subchapter.

10 SECTION 396. Section 151.470, Tax Code, is amended to read
11 as follows:

12 Sec. 151.470. AUDIT; INSPECTION. The comptroller may
13 audit, inspect, or otherwise verify a brewer's, [~~manufacturer's,~~
14 wholesaler's, distributor's, or package store local distributor's
15 compliance with this subchapter.

16 SECTION 397. Section 183.001(b)(1), Tax Code, is amended to
17 read as follows:

18 (1) "Permittee" means a mixed beverage permittee, a
19 private club registration permittee, a private club exemption
20 certificate permittee, a private club registration permittee with a
21 retailer late hours certificate [~~permittee~~], a nonprofit entity
22 [~~daily~~] temporary event [~~private club~~] permittee, a private club
23 registration permittee holding a food and beverage certificate, [~~a~~
24 ~~daily temporary mixed beverage permittee,~~] a mixed beverage
25 permittee with a retailer late hours certificate [~~permittee~~], a
26 mixed beverage permittee holding a food and beverage certificate,
27 [~~a caterer permittee,~~] or a distiller's and rectifier's permittee.

1 SECTION 398. Section 522.003(1), Transportation Code, is
2 amended to read as follows:

3 (1) "Alcohol" means:

4 (A) malt beverages [~~beer, ale, port, stout,~~
5 ~~sake,~~] or any other similar fermented beverages or products
6 containing one-half of one percent or more of alcohol by volume,
7 brewed or produced wholly or in part from malt or a malt substitute;

8 (B) wine, including sake, containing one-half of
9 one percent or more of alcohol by volume; or

10 (C) distilled spirits, including ethyl alcohol,
11 ethanol, and spirits of wine in any form, and all dilutions and
12 mixtures of distilled spirits from whatever source or by whatever
13 process produced.

14 SECTION 399. Section 643.002, Transportation Code, is
15 amended to read as follows:

16 Sec. 643.002. EXEMPTIONS. This chapter does not apply to:

17 (1) motor carrier operations exempt from registration
18 by the Unified Carrier Registration Act of 2005 (49 U.S.C. Section
19 14504a) or a motor vehicle registered under the single state
20 registration system established under 49 U.S.C. Section 14504(c)
21 when operating exclusively in interstate or international
22 commerce;

23 (2) a motor vehicle registered as a cotton vehicle
24 under Section 504.505;

25 (3) a motor vehicle the department by rule exempts
26 because the vehicle is subject to comparable registration and a
27 comparable safety program administered by another governmental

1 entity;

2 (4) a motor vehicle used to transport passengers
3 operated by an entity whose primary function is not the
4 transportation of passengers, such as a vehicle operated by a
5 hotel, day-care center, public or private school, nursing home, or
6 similar organization;

7 (5) a vehicle operating under:

8 (A) Section 14.07 [~~a private carrier permit~~
9 ~~issued under Chapter 42~~], Alcoholic Beverage Code;

10 (B) Section 16.10, Alcoholic Beverage Code;

11 (C) Section 19.06, Alcoholic Beverage Code; or

12 (D) Section 20.04, Alcoholic Beverage Code;

13 (6) a vehicle operated by a governmental entity; or

14 (7) a tow truck, as defined by Section [2308.002](#),
15 Occupations Code.

16 SECTION 400. (a) The Texas Sunset Commission staff, with
17 assistance from the Texas Legislative Council and the Texas
18 Alcoholic Beverage Commission, shall review the Texas Alcoholic
19 Beverage Code and make recommendations to the Texas Sunset
20 Commission for both a modernization and a nonsubstantive technical
21 revision of the code, including:

22 (1) identifying inconsistencies in authorities and
23 treatment of different alcoholic beverages and regulated
24 businesses;

25 (2) reviewing the use of the terms "license" for beer
26 and "permit" for all other alcoholic beverages;

27 (3) identifying any needed technical changes,

1 including:

2 (A) removing unconstitutional provisions and
3 outdated language;

4 (B) updating the code's structure to comply with
5 modern drafting standards; and

6 (C) correcting legal citations; and

7 (4) identifying changes needed to modernize the code
8 within the three-tier system.

9 (b) The Texas Sunset Commission staff and the Texas
10 Legislative Council may not consider changes to the overall
11 three-tier regulatory system.

12 (c) Not later than September 1, 2022, the Texas Legislative
13 Council shall prepare a nonsubstantive revision of the Texas
14 Alcoholic Beverage Code to implement any nonsubstantive
15 recommendations made under Subsection (a) of this section.

16 (d) Not later than September 1, 2022, the Texas Sunset
17 Commission staff shall make substantive recommendations to the
18 Texas Sunset Commission to address any recommended changes to
19 modernize the Texas Alcoholic Beverage Code that the Texas
20 Legislative Council determines cannot be included in a
21 nonsubstantive code revision.

22 (e) This section takes effect September 1, 2019.

23 SECTION 401. (a) Not later than December 1, 2019, the
24 governor shall appoint two additional members to the Texas
25 Alcoholic Beverage Commission. At the first meeting of the Texas
26 Alcoholic Beverage Commission after the additional members are
27 appointed under this subsection, or as soon as practicable after

1 that meeting, the two new members of the commission shall draw lots
2 to determine which member will serve a term expiring November 15,
3 2023, and which member will serve a term expiring November 15, 2025.

4 (b) This section takes effect September 1, 2019.

5 SECTION 402. (a) Except as provided by Subsection (b) of
6 this section, Section 5.022, Alcoholic Beverage Code, as amended by
7 this Act, applies to a member of the Texas Alcoholic Beverage
8 Commission appointed before, on, or after the effective date of
9 this Act.

10 (b) A member of the Texas Alcoholic Beverage Commission who,
11 before September 1, 2019, completed the training program required
12 by Section 5.022, Alcoholic Beverage Code, as that law existed
13 before September 1, 2019, is required to complete additional
14 training only on subjects added by this Act to the training program
15 as required by Section 5.022, Alcoholic Beverage Code, as amended
16 by this Act. A commission member described by this subsection may
17 not vote, deliberate, or be counted as a member in attendance at a
18 meeting of the commission held on or after December 1, 2019, until
19 the member completes the additional training.

20 (c) This section takes effect September 1, 2019.

21 SECTION 403. (a) Not later than January 31, 2020, the Texas
22 Alcoholic Beverage Commission shall adopt rules to implement the
23 changes in law made by this Act to Section 5.361, Alcoholic Beverage
24 Code, relating to developing a plan for inspecting alcoholic
25 beverage licensees and permittees. The Texas Alcoholic Beverage
26 Commission shall with the assistance of the Legislative Budget
27 Board develop target goals for the percentage of licensed and

1 permitted facilities the commission inspects each year.

2 (b) Not later than December 31, 2020, the Texas Alcoholic
3 Beverage Commission shall adopt rules to implement Sections 11.43,
4 11.431, 11.432, 61.31, 61.313, and 61.314, Alcoholic Beverage Code,
5 as amended or added by this Act, relating to the permit and license
6 application and protest process.

7 (c) Not later than December 31, 2020, the Texas Alcoholic
8 Beverage Commission shall adopt rules to implement the changes in
9 law made by this Act to Sections 101.67 and 101.671, Alcoholic
10 Beverage Code, relating to the registration of alcoholic beverages.

11 (d) Not later than December 31, 2019, the Texas Alcoholic
12 Beverage Commission shall adopt the rules required by Section
13 108.52, Alcoholic Beverage Code, as amended by this Act, relating
14 to outdoor advertising.

15 (e) This section takes effect September 1, 2019.

16 SECTION 404. (a) The Texas Alcoholic Beverage Commission
17 shall adopt rules setting a fee for each original or renewal
18 certificate, permit, and license as authorized by Section 5.50,
19 Alcoholic Beverage Code, as amended by this Act, not later than
20 September 1, 2021. The certificate, permit, and license fees
21 established by commission rule apply only to an original or renewal
22 certificate, permit, or license issued on or after September 1,
23 2021. This subsection takes effect September 1, 2019.

24 (b) Effective September 1, 2021, the following provisions
25 of the Alcoholic Beverage Code establishing the amount of a fee are
26 repealed:

27 (1) Section 14.02;

- 1 (2) Section 16.02;
- 2 (3) Section 19.02;
- 3 (4) Section 20.02;
- 4 (5) Section 22.02;
- 5 (6) Section 23.02;
- 6 (7) Section 24.02;
- 7 (8) Section 25.02;
- 8 (9) Section 26.02;
- 9 (10) Section 28.02;
- 10 (11) Section 32.02;
- 11 (12) Section 37.02;
- 12 (13) Section 38.04;
- 13 (14) Section 41.02;
- 14 (15) Section 43.02;
- 15 (16) Section 46.02;
- 16 (17) Section 50.002;
- 17 (18) Section 51.05;
- 18 (19) Section 54.04;
- 19 (20) Section 55.02;
- 20 (21) Section 56.03;
- 21 (22) Section 62.02;
- 22 (23) Section 62A.03;
- 23 (24) Section 63.02;
- 24 (25) Section 64.02;
- 25 (26) Section 66.02;
- 26 (27) Section 69.02;
- 27 (28) Section 69.03;

1 (29) Section 71.02; and

2 (30) Section 74.02.

3 SECTION 405. (a) Effective September 1, 2021, the
4 following provisions of the Alcoholic Beverage Code are repealed:

5 (1) Chapters 12, 12A, 13, 17, 27, 31, 33, 34, 42, 44,
6 45, 48A, 52, 53, 67, 68, 70, and 72;

7 (2) Subchapter B, Chapter 201;

8 (3) Section 1.04(12);

9 (4) Section 19.05;

10 (5) Section 20.03;

11 (6) Section 22.06(b);

12 (7) Section 22.07;

13 (8) Section 24.05(b);

14 (9) Section 24.06;

15 (10) Section 25.03;

16 (11) Section 28.13;

17 (12) Section 37.04;

18 (13) Section 43.07;

19 (14) Section 51.01;

20 (15) Section 62.06;

21 (16) Section 71.03; and

22 (17) Section 107.07(d).

23 (b) Effective September 1, 2021, Section 151.461(3), Tax
24 Code, is repealed.

25 SECTION 406. (a) Effective December 31, 2020, the
26 following provisions of the Alcoholic Beverage Code relating to the
27 permit and license application and protest process are repealed:

- 1 (1) Section 5.435;
- 2 (2) Section 5.46;
- 3 (3) Section 11.41;
- 4 (4) Section 25.051;
- 5 (5) Section 25.052;
- 6 (6) Section 26.06;
- 7 (7) Section 26.07;
- 8 (8) Section 61.311;
- 9 (9) Section 61.312;
- 10 (10) Section 61.32;
- 11 (11) Section 61.33;
- 12 (12) Sections 61.34(a) and (b);
- 13 (13) Section 61.39;
- 14 (14) Section 61.47; and
- 15 (15) Section 69.05.

16 (b) Effective December 31, 2020, the following provisions
17 of the Government Code are repealed:

- 18 (1) Section 101.121; and
- 19 (2) Section 411.120.

20 SECTION 407. (a) The changes in law made by this Act do not
21 affect the validity of a disciplinary action or other proceeding
22 that was initiated before the effective date of this Act and that is
23 pending on the effective date of this Act. A disciplinary action
24 that is pending on the effective date of this Act is governed by the
25 law in effect on the date the action was taken, and the former law is
26 continued in effect for that purpose.

27 (b) The repeal of a law by this Act does not entitle a person

1 to a refund of a certificate, permit, or license fee paid by the
2 person before the effective date of this Act.

3 SECTION 408. On September 1, 2021, the Texas Alcoholic
4 Beverage Commission shall convert any existing permits issued under
5 Chapter 12, 12A, or 13, Alcoholic Beverage Code, to the
6 corresponding license under Chapter 62, 62A, or 63, Alcoholic
7 Beverage Code. The new license shall have the same expiration date
8 as the permit it is replacing.

9 SECTION 409. The holder of a permit who immediately before
10 the effective date of this Act was authorized under the permit to
11 purchase, sell, transport, or store ale and malt liquor, may, after
12 the effective date of the provisions of this Act changing
13 references to "beer," "ale," and "malt liquor" in the Alcoholic
14 Beverage Code to "malt beverages," continue to purchase, sell,
15 transport, or store ale and malt liquor under that permit until the
16 date the permit expires.

17 SECTION 410. (a) Effective September 1, 2019,
18 notwithstanding the repeal by this section of Chapters 18 and 21,
19 Alcoholic Beverage Code, a person holding a permit issued under
20 Chapter 18 or 21, Alcoholic Beverage Code, on August 31, 2019, may
21 continue to operate under that permit until the date the permit
22 expires and Chapters 18 and 21, Alcoholic Beverage Code, remain in
23 effect for those purposes.

24 (b) Effective September 1, 2019, the following provisions
25 of the Alcoholic Beverage Code are repealed:

26 (1) Chapters 18, 21, 47, 49, 65, and 75;

27 (2) Section 5.05(b);

- 1 (3) Section 5.61;
- 2 (4) Section 15.02;
- 3 (5) Section 15.03;
- 4 (6) Section 15.06;
- 5 (7) Section 25.03(a);
- 6 (8) Section 35.02;
- 7 (9) Section 35.03;
- 8 (10) Section 35.04;
- 9 (11) Section 35.08;
- 10 (12) Section 36.02;
- 11 (13) Section 36.03;
- 12 (14) Section 36.09;
- 13 (15) Section 38.02;
- 14 (16) Section 38.03;
- 15 (17) Section 62.13;
- 16 (18) Sections 73.02, 73.03, 73.04, 73.05, 73.06,
- 17 73.07, 73.08, 73.09, 73.10, and 73.11;
- 18 (19) Section 74.10;
- 19 (20) Sections 108.52(d), (f), and (h); and
- 20 (21) Section 204.06.

21 SECTION 411. The legislature finds that:

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

26 (2) the United States Supreme Court in *Granholm v.*
27 *Heald*, 544 U.S. 460 (2005), has recognized that the three-tier

1 system of regulating the alcoholic beverage industry is
2 unquestionably legitimate;

3 (3) in *Granholm*, the United States Supreme Court
4 further recognized that while the states are entitled to regulate
5 the production and sales of liquor within their borders, the right
6 is nonetheless subject to the provisions of the Constitution of the
7 United States, including the Interstate Commerce Clause, and laws
8 regulating the alcoholic beverage industry may not discriminate
9 against out-of-state participants or give undue deference to local
10 participants and may not ignore other provisions of the
11 Constitution, including the Supremacy Clause, Commerce Clause, and
12 the Privileges and Immunities Clause with its nondiscriminatory
13 principles;

14 (4) the state is authorized to promote, market, and
15 educate consumers about the emerging small brewing industry;

16 (5) it is the state's interest that nothing in this Act
17 be construed to conflict with Sections 16 and 17, Article I, Texas
18 Constitution, with regard to the impairment of contract,
19 retroactive application of law, or taking of property in connection
20 with the application of Sections 12.052 and 62.122, Alcoholic
21 Beverage Code;

22 (6) it is in the state's interest to encourage
23 entrepreneurial and small business development opportunities in
24 the state that will lead to new capital investment in the state,
25 create new jobs in the state, and expand the state and local tax
26 base; and

27 (7) it is the public policy of the state to exercise

1 the police power of the state to protect the welfare, health, peace,
2 temperance, and safety of the people of Texas.

3 SECTION 412. (a) Section 101.6701, Alcoholic Beverage
4 Code, as added by this Act, effective September 1, 2019, applies
5 only to the sale of malt beverages on or after September 1, 2019.
6 The sale of malt beverages before September 1, 2019, is governed by
7 the law as it existed immediately before that date, and that law is
8 continued in effect for that purpose.

9 (b) Section 101.6701, Alcoholic Beverage Code, as added by
10 this Act, effective September 1, 2021, applies only to the sale of
11 malt beverages on or after September 1, 2021. The sale of malt
12 beverages before September 1, 2021, is governed by the law as it
13 existed immediately before that date, and that law is continued in
14 effect for that purpose.

15 SECTION 413. Except as otherwise provided by this Act, this
16 Act takes effect September 1, 2021.