

By: Goldman

H.C.R. No. 168

Substitute the following for H.C.R. No. 168:

By: King of Uvalde

C.S.H.C.R. No. 168

#### HOUSE CONCURRENT RESOLUTION

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

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

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

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

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

22           WHEREAS, Texas should lead the national discussion on  
23 developing a legal framework for regulating control label products  
24 in a way that promotes economic growth and benefits the consumer

1 while stabilizing the three-tier system; now, therefore, be it

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

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

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

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