

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Geren

H.B. No. 1997

A BILL TO BE ENTITLED

AN ACT

relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.

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

SECTION 1. Chapter 14, Alcoholic Beverage Code, is amended by adding Section 14.07 to read as follows:

Sec. 14.07. RETAILER SAMPLING. (a) Subject to this section and notwithstanding any other provision of this code, the holder of a distiller's and rectifier's permit or the agent or employee of the holder of a distiller's and rectifier's permit may:

(1) provide a sample of distilled spirits to the holder of a retail permit authorizing the sale of distilled spirits or an agent or employee of the holder of the retail permit; or

(2) provide a distilled spirits product tasting on the retailer's premises, including the opening, touching, or pouring of distilled spirits, for the holder of the retail permit or an agent or employee of the holder of the retail permit.

(b) The holder of the distiller's and rectifier's permit or the agent or employee of the holder of the distiller's and rectifier's permit may make a presentation or answer questions at a distilled spirits tasting provided under Subsection (a).

(c) The holder of a retail permit authorizing the sale of distilled spirits or an agent or employee of the permit holder may not sample or taste a distilled spirit provided under this section

1 on the permitted retail premises unless the holder of the  
2 distiller's and rectifier's permit is present.

3 (d) The distilled spirits provided as a sample or at a  
4 tasting under Subsection (a):

5 (1) must be manufactured by the holder of the  
6 distiller's and rectifier's permit;

7 (2) may not be of a brand previously purchased by the  
8 holder of the retailer's permit unless the spirits were purchased  
9 and used for educational or training purposes;

10 (3) must be limited to 750 milliliters of each brand  
11 provided as a sample or at a tasting; and

12 (4) must meet all labeling requirements of this code.

13 (e) Distilled spirits may legally be transported by the  
14 holder of the distiller's and rectifier's permit or the permit  
15 holder's agent or employee to a retail premises for the purpose of  
16 providing a sample or a tasting under this section.

17 (f) The cost of the distilled spirits provided for a  
18 sampling or tasting under this section is the responsibility of the  
19 holder of the distiller's and rectifier's permit providing the  
20 sampling or tasting.

21 (g) The holder of a distiller's and rectifier's permit or  
22 the agent or employee of the holder of a distiller's and rectifier's  
23 permit may not negotiate price or establish agreements while  
24 providing samples or tastings under this section.

25 SECTION 2. Section 15.01, Alcoholic Beverage Code, is  
26 amended to read as follows:

27 Sec. 15.01. AUTHORIZED ACTIVITIES. The holder of a

1 distiller's agent's permit may:

2 (1) represent the holder of a distiller's and  
3 rectifier's permit;

4 (2) solicit and take orders from a holder of a  
5 wholesaler's permit for the sale of distilled spirits manufactured  
6 by the permit holder represented by the agent; ~~and~~

7 (3) conduct free distilled spirits tastings for  
8 consumers on the premises of the holder of a package store permit;  
9 and

10 (4) provide samples or tastings of distilled spirits  
11 on a retailer's premises in accordance with Section 14.07.

12 SECTION 3. Sections 22.10 and 22.11, Alcoholic Beverage  
13 Code, are amended to read as follows:

14 Sec. 22.10. OPENING CONTAINERS PROHIBITED. Except as  
15 authorized under Section 14.07, 37.01(d), or 52.01 ~~[of this code]~~,  
16 no person may break or open a container containing liquor or beer or  
17 possess an opened container of liquor or beer on the premises of a  
18 package store.

19 Sec. 22.11. CONSUMPTION ON PREMISES PROHIBITED. Except as  
20 authorized under Section 14.07, 37.01(d), or 52.01, no person may  
21 sell, barter, exchange, deliver, or give away any drink or drinks of  
22 alcoholic beverages from a container that has been opened or broken  
23 on the premises of a package store.

24 SECTION 4. Sections 28.06(a) and (c), Alcoholic Beverage  
25 Code, are amended to read as follows:

26 (a) Except as provided by Sections 14.07 and 37.01(d), no  
27 ~~[No]~~ holder of a mixed beverage permit, nor any officer, agent, or

1 employee of a holder, may possess or permit to be possessed on the  
2 premises for which the permit is issued any alcoholic beverage  
3 which is not covered by an invoice from the supplier from whom the  
4 alcoholic beverage was purchased.

5 (c) Except as provided by Sections 14.07 and 37.01(d), no  
6 ~~[No]~~ holder of a mixed beverage permit, nor any officer, agent, or  
7 employee of a holder, may knowingly possess or permit to be  
8 possessed on the licensed premises any alcoholic beverage which is  
9 not covered by an invoice from the supplier from whom the alcoholic  
10 beverage was purchased.

11 SECTION 5. Section 28.15(a), Alcoholic Beverage Code, is  
12 amended to read as follows:

13 (a) Except as provided by Sections 14.07 and 37.01(d), a [A]  
14 mixed beverage permittee may not possess or permit a person to  
15 possess on the premises distilled spirits in any container that  
16 does not bear a serially numbered identification stamp issued by  
17 the commission or other identification approved by the commission.

18 SECTION 6. Section 32.15, Alcoholic Beverage Code, is  
19 amended to read as follows:

20 Sec. 32.15. REMOVAL OF BEVERAGES FROM PREMISES. A private  
21 club, irrespective of location or system of storage of alcoholic  
22 beverages, may not permit any person to remove any alcoholic  
23 beverages from the club premises, except as authorized by  
24 [Subsection (b) of] Section 28.10(b) or for the purpose of removing  
25 unused inventory the person brought onto the premises under Section  
26 14.07 or 37.01(d) [28.10 of this code].

27 SECTION 7. Section 32.20(a), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (a) Except as provided by Sections 14.07 and 37.01(d), a [A]  
3 private club registration permittee may not possess or permit a  
4 person to possess on the premises distilled spirits in any  
5 container that does not bear a serially numbered identification  
6 stamp issued by the commission or other identification approved by  
7 the commission.

8 SECTION 8. Section 36.01, Alcoholic Beverage Code, is  
9 amended to read as follows:

10 Sec. 36.01. AUTHORIZED ACTIVITIES. The holder of a  
11 manufacturer's agent's permit may:

12 (1) represent only the holders of nonresident seller's  
13 permits; ~~and~~

14 (2) solicit and take orders for the sale of liquor from  
15 permittees authorized to import liquor for the purpose of resale;  
16 and

17 (3) if the agent represents the holder of a  
18 nonresident seller's permit, provide samples or tastings of  
19 distilled spirits on a retailer's premises as authorized by Section  
20 37.01(d).

21 SECTION 9. Section 37.01, Alcoholic Beverage Code, is  
22 amended by amending Subsection (c) and adding Subsection (d) to  
23 read as follows:

24 (c) Any alcoholic beverages used in a sampling event under  
25 Subsection (b) [this section] must be purchased from the retailer  
26 on whose premises the sampling event is held. Subsection  
27 (b) [This section] does not authorize the holder of a nonresident

1 seller's permit or manufacturer's agent's permit to withdraw or  
2 purchase alcoholic beverages from the holder of a wholesaler's  
3 permit or provide alcoholic beverages for a sampling event on a  
4 retailer's premises that is not purchased from the retailer. The  
5 amount of alcoholic beverages purchased from the retailer may not  
6 exceed the amount of alcoholic beverages used in the sampling  
7 event.

8 (d) The holder of a nonresident seller's permit or an agent  
9 or employee of the permit holder may provide samples or tastings of  
10 the kinds of distilled spirits the permit holder is authorized to  
11 produce in the manner authorized by Section 14.07 for the holder of  
12 a distiller's and rectifier's permit or the agent or employee of the  
13 holder of a distiller's and rectifier's permit. Distilled spirits  
14 may legally be transported by the holder of a nonresident seller's  
15 permit or the permit holder's agent or employee to a retailer's  
16 premises for the purpose of providing a sample or a tasting under  
17 this subsection. The cost of the distilled spirits provided for a  
18 sampling or tasting under this subsection is the responsibility of  
19 the holder of the nonresident seller's permit providing the  
20 sampling or tasting.

21 SECTION 10. This Act takes effect September 1, 2019.

**ADOPTED**

MAY 15 2019

*Debra Spaw*  
Secretary of the Senate

By: Hancock

H.B. No. 1997

Substitute the following for \_\_.B. No. \_\_\_\_\_:

By: *Kelly Harmon*

C.S. H.B. No. 1997

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14 (2) provide a distilled spirits product tasting on the  
15 retailer's premises, including the opening, touching, or pouring of  
16 distilled spirits, for the holder of the retail permit or an agent  
17 or employee of the holder of the retail permit.

18 (b) The holder of the distiller's and rectifier's permit or  
19 the agent or employee of the holder of the distiller's and  
20 rectifier's permit may make a presentation or answer questions at a  
21 distilled spirits tasting provided under Subsection (a).

22 (c) The holder of a retail permit authorizing the sale of  
23 distilled spirits or an agent or employee of the permit holder may  
24 not sample or taste a distilled spirit provided under this section

1 on the permitted retail premises unless:

2 (1) the holder of the distiller's and rectifier's  
3 permit is present; or

4 (2) an agent or employee of the holder of the  
5 distiller's and rectifier's permit is present.

6 (d) The distilled spirits provided as a sample or at a  
7 tasting under Subsection (a):

8 (1) must be manufactured by the holder of the  
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11 holder of the retailer's permit unless the spirits were purchased  
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16 (e) Distilled spirits may legally be transported by the  
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18 holder's agent or employee to a retail premises for the purpose of  
19 providing a sample or a tasting under this section.

20 (f) The cost of the distilled spirits provided for a  
21 sampling or tasting under this section is the responsibility of the  
22 holder of the distiller's and rectifier's permit providing the  
23 sampling or tasting.

24 (g) The holder of a distiller's and rectifier's permit or  
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20 (3) if the agent represents the holder of a  
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22 distilled spirits on a retailer's premises as authorized by Section  
23 37.01(d).

24 SECTION 9. Section 37.01, Alcoholic Beverage Code, is  
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17 may legally be transported by the holder of a nonresident seller's  
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20 this subsection. The cost of the distilled spirits provided for a  
21 sampling or tasting under this subsection is the responsibility of  
22 the holder of the nonresident seller's permit providing the  
23 sampling or tasting.

24 SECTION 10. This Act takes effect September 1, 2019.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 15, 2019**

**TO:** Honorable Dennis Bonnen, Speaker of the House, House of Representatives

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB1997** by Geren (Relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.), **As Passed 2nd House**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend the Alcoholic Beverage Code as it relates to the sampling of distilled spirits by certain permit holders. It is assumed that the provisions of the bill could be absorbed using existing resources. The bill would take effect September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** WP, SD, CLo, kvel

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 3, 2019**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1997** by Geren (Relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.), **Committee Report 2nd House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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No fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** WP, CLo, kvel

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 29, 2019**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1997** by Geren (Relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.), **As Engrossed**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Alcoholic Beverage Code as it relates to the sampling of distilled spirits by certain permit holders. It is assumed that the provisions of the bill could be absorbed using existing resources. The bill would take effect September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** WP, CLo, kvel

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 3, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB1997** by Geren (Relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Alcoholic Beverage Code as it relates to the sampling of distilled spirits by certain permit holders. It is assumed that the provisions of the bill could be absorbed using existing resources. The bill would take effect September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** WP, CLo, kvel



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 25, 2019**

**TO:** Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB1997** by Geren (Relating to the sampling of distilled spirits provided by the manufacturer to a retailer of distilled spirits.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Alcoholic Beverage Code as it relates to the sampling of distilled spirits by certain permit holders. It is assumed that the provisions of the bill could be absorbed using existing resources. The bill would take effect September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** WP, CLo, kvel