

BILL ANALYSIS

C.S.H.B. 3976
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

New products are being developed with increasing speed in the alcoholic beverage industry to satisfy consumer demand. Product innovations that were not contemplated even a few years ago are rapidly starting to appear on shelves across Texas. To meet this demand, Texas brewers are developing new wine and spirits-based products. However, state law does not explicitly authorize malt beverage manufacturers to warehouse these types of products for storage, packing, and shipment, alongside malt beverage products, to their distributors. This constraint creates logistical issues with warehousing and transportation for manufacturers, suppliers, and distributors. C.S.H.B. 3976 seeks to address this issue by revising the activities permitted under a manufacturer's agent's warehousing permit.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3976 amends the Alcoholic Beverage Code to revise the authorized activities of a holder of a manufacturer's agent's warehousing permit by authorizing the permit holder to do the following:

- receive malt beverages from one license holder that is authorized to sell the malt beverages to licensed distributors in Texas and store the beverages on the permitted premises;
- ship, cause to be shipped, sell, and otherwise transfer the malt beverages to licensed distributors in Texas who are authorized to receive the malt beverages and to persons outside Texas who are qualified to receive the malt beverages under the applicable state or jurisdiction regulatory laws;
- return malt beverages to the license holder from which they were originally received; and
- unpack, repack, or co-pack malt beverages of the same brand in any combination or configuration as permissible for the license holder for whom the permittee is an agent.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3976 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The original revised the authorized activities of a manufacturer's agent's warehousing permit holder by authorizing the permit holder to receive alcoholic beverages from any license or permit holder that is authorized to sell those beverages to licensed or permitted wholesalers or distributors in Texas, whereas the substitute authorizes the permit holder to receive malt beverages from one license holder that is authorized to sell the malt beverages to licensed distributors in Texas. The original authorized the permit holder to transfer alcoholic beverages to licensed or permitted wholesalers or distributors in Texas, whereas the substitute restricts such in-state transfers to malt beverages and to licensed distributors in Texas.

The original authorized a permit holder to unpack, repack, or co-pack alcoholic beverages in any combination or configuration, whereas the substitute authorizes a permit holder to unpack, repack, or co-pack malt beverages of the same brand in any combination or configuration as permissible for the license holder for whom the permittee is an agent.

The original replaced references to "malt beverage" with "alcoholic beverage" with regard to those authorized actions, permit eligibility, and reporting requirements for permit holders, whereas the substitute does not.

The substitute does not include a provision of the original including among the Texas distributors to which a permit holder may ship malt beverages a distributor who has been issued a territorial designation by the primary source of American supply of the brand or brands to be shipped.