

1-1 By: Kuempel, et al. (Senate Sponsor - Zaffirini) H.B. No. 4016
1-2 (In the Senate - Received from the House May 3, 2021;
1-3 May 12, 2021, read first time and referred to Committee on Business
1-4 & Commerce; May 20, 2021, reported favorably by the following vote:
1-5 Yeas 9, Nays 0; May 20, 2021, sent to printer.)

1-6 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-7 | | | | |
| 1-8 | X | | | |
| 1-9 | X | | | |
| 1-10 | X | | | |
| 1-11 | X | | | |
| 1-12 | X | | | |
| 1-13 | X | | | |
| 1-14 | X | | | |
| 1-15 | X | | | |
| 1-16 | X | | | |

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to operating agreements between holders of a distiller's
1-20 and rectifier's permit and certain alcoholic beverage permit
1-21 holders.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Chapter 14, Alcoholic Beverage Code, is amended
1-24 by adding Section 14.10 to read as follows:

1-25 Sec. 14.10. OPERATING AGREEMENTS BETWEEN PERMIT HOLDERS.

1-26 (a) The holder of a distiller's and rectifier's permit may enter
1-27 into an agreement with another holder of a distiller's and
1-28 rectifier's permit that allows the distiller's and rectifier's
1-29 permit holder to engage in the following activities on the
1-30 permitted premises of the other distiller's and rectifier's permit
1-31 holder:

1-32 (1) manufacture distilled spirits;

1-33 (2) rectify, purify, and refine distilled spirits and
1-34 wines;

1-35 (3) mix wines, distilled spirits, or other liquors;

1-36 (4) bottle, label, and package the permit holder's
1-37 finished products;

1-38 (5) sell the finished products in this state to
1-39 holders of wholesaler's permits and to authorized wholesalers and
1-40 manufacturers outside the state;

1-41 (6) purchase distilled spirits, to be used only for
1-42 manufacturing or rectification purposes, from holders of
1-43 nonresident seller's permits or distiller's and rectifier's
1-44 permits; and

1-45 (7) sell bulk alcohol produced by the permit holder
1-46 for purposes described by Section 38.01.

1-47 (b) The agreement is subject to approval by the commission
1-48 and must describe with specificity the nature, duration, and extent
1-49 of the activities authorized by the agreement.

1-50 (c) The holder of a distiller's and rectifier's permit may
1-51 enter into an agreement authorized by Section 37.011 with the
1-52 holder of a nonresident seller's permit.

1-53 (d) The commission shall adopt rules regulating the shared
1-54 use of the permitted premises under this section to ensure
1-55 administrative accountability of each permit holder and a strict
1-56 separation between the businesses and operations of the permit
1-57 holders.

1-58 SECTION 2. Chapter 37, Alcoholic Beverage Code, is amended
1-59 by adding Section 37.011 to read as follows:

1-60 Sec. 37.011. OPERATING AGREEMENT WITH IN-STATE DISTILLERY.

1-61 (a) The holder of a nonresident seller's permit who owns a

2-1 distillery outside of the state may enter into an agreement with the
2-2 holder of a distiller's and rectifier's permit that allows the
2-3 nonresident seller to engage in the following activities on the
2-4 distiller's and rectifier's permitted premises:

2-5 (1) manufacture distilled spirits;
2-6 (2) rectify, purify, and refine distilled spirits and
2-7 wines;

2-8 (3) mix wines, distilled spirits, or other liquors;
2-9 (4) bottle, label, and package the nonresident
2-10 seller's finished products; and

2-11 (5) sell the finished products in this state to
2-12 holders of distiller's and rectifier's permits and holders of
2-13 wholesaler's permits and to authorized wholesalers and
2-14 manufacturers outside the state.

2-15 (b) The agreement is subject to approval by the commission
2-16 and must describe with specificity the nature, duration, and extent
2-17 of the activities authorized by the agreement.

2-18 (c) The commission shall adopt rules regulating the shared
2-19 use of the permitted premises under this section to ensure
2-20 administrative accountability of each permit holder and a strict
2-21 separation between the businesses and operations of the permit
2-22 holders.

2-23 SECTION 3. This Act takes effect September 1, 2021.

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