

BILL ANALYSIS

C.S.H.B. 2349
By: Harris, Cody
Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas distilled spirits industry has seen incredible growth over the past decade. From 1997 to 2008, the Texas Alcoholic Beverage Commission (TABC) licensed only eight distillers in Texas. According to TABC, there were fewer than 50 distiller's and rectifier's permit holders in Texas in 2013, which is the year when distillers obtained the right to sell bottles at their distilleries. However, there are over 200 such permit holders in Texas today. Under current law, Texas distillers are only allowed to sell two 750 milliliter bottles of distilled spirits they manufacture to a single consumer in a 30-day period. This restriction hinders the ability of consumers visiting Texas distilleries to support these businesses and purchase a variety of the distiller's products. The two-bottle limit, coupled with the 30-day restriction, contributed to the significant loss of revenue for Texas distilleries during the pandemic, which made it nearly impossible for these businesses to survive. C.S.H.B. 2349 seeks to address this issue by increasing the number of 750 milliliter bottles or the equivalent that Texas distillers may sell to a single consumer in a 30-day period.

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. 2349 amends the Alcoholic Beverage Code to increase the cap on the amount of distilled spirits a distiller's and rectifier's permit holder may sell to the same ultimate consumer for off-premises consumption within a 30-day period from two 750 milliliter bottles of distilled spirits or the equivalent to four 750 milliliter bottles of distilled spirits or the equivalent. The bill removes the specification that such a permit holder check a purchaser's identification as part of the permit holder's recordkeeping requirement to ensure compliance with statutory provisions governing sales to ultimate consumers.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2349 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

While both the introduced and the substitute change the cap on the amount of distilled spirits a distiller's and rectifier's permit holder may sell to the same ultimate consumer for off-premises consumption within a 30-day period, the two versions differ as follows:

- the introduced changed the existing cap of two 750 milliliter bottles of distilled spirits or the equivalent to two 750 milliliter bottles or the equivalent of each distilled spirits product the permit holder produces; and
- the substitute instead increases the existing cap to four 750 milliliter bottles of distilled spirits or the equivalent.