

## **BILL ANALYSIS**

Senate Research Center  
88R15599 TYPED

S.B. 1375  
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State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Purpose: To allow distillers to participate in civic or distilled spirits festivals, farmers' markets, celebrations, or similar events in Texas.

#### Background

- Currently, a distiller can only participate in a festival when a civic or local festival organizer is granted a daily temporary mixed beverage permit from the Texas Alcoholic Beverage Commission. Under this system, the festival organizer then must purchase the distilled spirits from the holder of a local distributor's permit.
- If a distiller wants to participate in a festival, the distiller must then purchase its own product from the venue or the festival organizer at cost plus the retail mark up. The distiller then often has to hire a promotional company to serve the product at the event.
- Small distilleries cannot afford to pay for a booth at the event and then repurchase their own alcohol at a retail price to then be able to serve at the event.
- While some consider participation in a festival as marketing, the return on investment is minimal for a distiller.
  - The event sponsor makes the money by selling tickets, selling cocktails, wine and beer and collecting booth fees.
- Senator Nelson and Representative Geren passed a bill in 2009 which created a winery festival permit. According to the Texas Wine & Grape Growers Association, participating in festivals has made an "immense difference" for small wineries in Texas.

#### What the Bill Does

- The bill will give Texas distillers another tool to showcase their product by providing tastings and/or samples.
- This bill will allow a distiller to bring his/her own product to the event, cutting down on the cost of participating.
- The bill does not allow the sale of spirits at a festival.

As proposed, S.B. 1375 amends current law relating to the sampling or tasting of distilled spirits by the manufacturer to a consumer at a temporary event.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 2 (Section 14.09, Alcoholic Beverage Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 14.01(a), Alcoholic Beverage Code, as follows:

- (a) Authorizes the holder of a distiller's and rectifier's permit to take certain actions, including dispensing free distilled spirits for consumption on the permitted premises under Section 14.04 (Distilled Spirits Sampling) or at a temporary event under Section 14.09.

SECTION 2. Amends Chapter 14, Alcoholic Beverage Code, by adding Section 14.09, as follows:

Sec. 14.09. DISTILLED SPIRITS SAMPLING AT TEMPORARY EVENT. (a) Authorizes the holder of a distiller's and rectifier's permit to conduct distilled spirits samplings or tastings at a civic or distilled spirits festival, farmers' market, celebration, or similar event.

(b) Requires that the distilled spirits provided as a sample or at a tasting under Subsection (a) be manufactured by the holder of the distiller's and rectifier's permit.

(c) Prohibits sample portions served at a distilled spirits sampling or tasting under Subsection (a) from exceeding one-half ounce.

(d) Prohibits a person who receives a sample from removing the sample from the event premises.

(e) Authorizes distilled spirits to legally be transported by the holder of the distiller's and rectifier's permit or the permit holder's agent or employee to the temporary event for the purpose of providing a sample or a tasting under this section.

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

(g) Requires the Texas Alcoholic Beverage Commission (TABC) to adopt rules to implement this section, including rules that:

(1) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sample or taste distilled spirits under this section;

(2) detail the circumstances when a permit holder is authorized to temporarily sample distilled spirits under this section with just a notification to TABC and the circumstances that require TABC's preapproval before a permit holder is authorized to temporarily sample distilled spirits under this section; and

(3) require the permit holder to provide any other information TABC determines necessary.

SECTION 3. Effective date: September 1, 2023.