

BILL ANALYSIS

C.S.H.B. 4773

By: Phelan

Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the transportation and exchange of malt beverages between licensed premises under the same ownership or management is currently heavily regulated, limiting operational flexibility and creating logistical challenges for businesses, breweries, and brewpubs with multiple locations that want to transfer their products efficiently. C.S.H.B. 4773 seeks to address this issue by providing for the transportation and limited self-distribution of malt beverages between multiple licensed premises operated under the same general ownership or management for both brewers and brewpubs.

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. 4773 amends the Alcoholic Beverage Code to authorize a brewer's license holder to transfer malt beverages produced under the license between any of the license holder's licensed brewery premises, including a facility operating under an alternating brewery proprietorship or contract brewing arrangement, during the hours designated by statute for the sale of malt beverages by a distributor's license holder, subject to rules prescribed by the Texas Alcoholic Beverage Commission (TABC). Current law allows such sale 24 hours a day Monday through Saturday and between midnight and 1 a.m. and between noon and midnight on Sunday.

C.S.H.B. 4773 also authorizes a brewpub license holder operating more than one brewpub under the same general management or ownership to transfer malt beverages brewed under the license between any of the license holder's brewpubs during those hours, subject to TABC rules.

C.S.H.B. 4773 prohibits a brewer's license holder or brewpub license holder from transporting malt beverages under the bill's provisions unless the license holder provides TABC with a description, as required by TABC, of each motor vehicle used by the license holder to transport malt beverages and each motor vehicle is plainly marked or lettered to indicate that it is being used by the license holder for that purpose. The bill prohibits a brewer's license holder or brewpub license holder from violating state motor carrier laws when transporting malt beverages under the bill's provisions.

C.S.H.B. 4773 establishes the following with respect to the transportation of a malt beverage under the bill's provisions:

- for purposes of provisions governing sales by certain brewers to consumers, a malt beverage transported by a brewer's license holder is considered to be produced on the premises where the malt beverage is produced and may not be considered to be produced on the premises to which the malt beverage is transported; and
- for purposes of provisions establishing an annual production limit for brewpub license holders, a malt beverage transported by a brewpub license holder is considered to be brewed by the brewpub where the malt beverage is brewed and may not be considered to be brewed by the brewpub to which the malt beverage is transported.

C.S.H.B. 4773 authorizes a brewer's license holder to whose licensed premises malt beverages have been transported under the bill's provisions to sell the transported malt beverages as follows:

- to ultimate consumers for responsible consumption on the brewer's premises or for off-premises consumption, as applicable; and
- in Texas to the holders of general and branch distributor's licenses and to qualified persons outside Texas as provided under statutory provisions relating to authorized activities under a brewer's license.

C.S.H.B. 4773 exempts the transfer of malt beverages between two licensed brewpubs operating under the same general management or ownership as provided under the bill's provisions from statutory provisions relating to the exchange or transportation of malt beverages between licensed premises under the same ownership.

C.S.H.B. 4773, with respect to the authorization for a brewpub license holder who holds a wine and malt beverage retailer's permit and whose sale of malt beverages consists only of malt beverages brewed on the brewpub's premises to sell malt beverages produced under the license to certain individuals, removes the specification that the brewpub license holder holds a wine and malt beverage retailer's permit and that the holder's sale of malt beverages consists only of malt beverages brewed on the brewpub's premise. The bill authorizes a brewpub license holder to whose brewpub premises malt beverages have been transported under the bill's provisions to do the following:

- sell or offer without charge, on the brewpub's premises, to ultimate consumers for consumption on or off those premises, the transported malt beverages, to the extent the sales or offers are allowed under the holder's other permits or licenses; and
- sell the transported malt beverages to:
 - those retailers to whom the holder of a general distributor's license may sell malt beverages; or
 - qualified persons to whom the holder of a general distributor's license may sell malt beverages for shipment and consumption outside Texas.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4773 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.

The substitute includes provisions absent from the introduced that do the following:

- authorize a brewer's license holder to whose licensed premises malt beverages have been transported under the bill's provisions to sell the transported malt beverages:

- to ultimate consumers for responsible consumption on the brewer's premises or for off-premises consumption, as applicable; and
- in Texas to the holders of general and branch distributor's licenses and to qualified persons outside Texas as provided under statutory provisions related to authorized activities under a brewer's license;
- with respect to the authorization for a brewpub license holder who holds a wine and malt beverage retailer's permit and whose sale of malt beverages consists only of malt beverages brewed on the brewpub's premises to sell malt beverages produced under the license to certain individuals, remove the specification that the brewpub license holder holds a wine and malt beverage retailer's permit and that the holder's sale of malt beverages consists only of malt beverages brewed on the brewpub's premise; and
- authorize a brewpub license holder to whose brewpub premises malt beverages have been transported under the bill's provisions to do the following:
 - sell or offer without charge, on the brewpub's premises, to ultimate consumers for consumption on or off those premises, the transported malt beverages, to the extent the sales or offers are allowed under the holder's other permits or licenses; and
 - sell the transported malt beverages to:
 - those retailers to whom the holder of a general distributor's license may sell malt beverages; or
 - qualified persons to whom the holder of a general distributor's license may sell malt beverages for shipment and consumption outside Texas.

Whereas the introduced, with respect to the prohibition against the owner of two or more licensed retail premises exchanging or transporting malt beverages between them, removed the exception that applies if all of the conditions set out under statutory provisions relating to the designation of a place of storage and the transport of alcoholic beverages under a wine only package store permit are met and instead authorized the transfer of malt beverages between two licensed brewpubs operating under the same general management or ownership as provided under the bill's provisions, the substitute exempts the transfer of malt beverages between two licensed brewpubs operating under the same general management or ownership as provided under the bill's provisions from statutory provisions relating to the exchange or transportation of malt beverages between licensed premises under the same ownership.

With respect to the provision in the introduced establishing that, for purposes of provisions establishing an annual production limit for brewpub license holders and provisions governing sales by such license holders to retailers, a malt beverage transported by a brewpub license holder is considered to be brewed by the brewpub where the malt beverage is brewed and may not be considered to be brewed by the brewpub to which the malt beverage is transported, the substitute removes the specification that the provision is for purposes of provisions governing sales by such license holders to retailers.