

BILL ANALYSIS

S.B. 1355
By: Parker
Licensing & Administrative Procedures
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that some Texas distilleries struggle with delayed payments from wholesalers, sometimes waiting over six months. The bill sponsor has also informed the committee that while state law sets payment deadlines for retailers paying wholesalers, no such requirement exists for wholesalers paying manufacturers. S.B. 1355 seeks to address this issue by establishing a process for distillers to file a complaint with the Texas Alcoholic Beverage Commission (TABC) when a wholesaler is delinquent in payment and establishes a process for TABC to act when a delinquency is reported.

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 rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 1 of this bill.

ANALYSIS

S.B. 1355 amends the Alcoholic Beverage Code to require a distiller's and rectifier's permit holder to provide a written invoice to a wholesaler's permit holder who purchases liquor from the distiller's and rectifier's permit holder. The bill requires the wholesaler's permit holder to pay for liquor purchased from the distiller's and rectifier's permit holder in accordance with the agreed terms of a contract or letter of agreement between the holder of the distiller's and rectifier's permit and the wholesaler.

S.B. 1355 authorizes a distiller's and rectifier's permit holder who sold liquor to a wholesaler's permit holder, if the wholesaler becomes delinquent in the payment of an invoice for the liquor, to report that fact in writing, along with any supporting documentation, to the Texas Alcoholic Beverage Commission (TABC). The bill establishes that, for these purposes, a wholesaler becomes delinquent in the payment of an invoice if the wholesaler does the following:

- fails to pay the amount due to the distiller's and rectifier's permit holder on or before the date payment is required under the agreed terms of a contract or letter of agreement between the distiller's and rectifier's permit holder and the wholesaler; and
- fails to pay the amount due to the distiller's and rectifier's permit holder after receiving a demand for payment from the distiller's and rectifier's permit holder, in accordance with any agreed payment terms of a contract or letter of agreement between the distiller's and rectifier's permit holder and the wholesaler.

S.B. 1355 establishes that it is a violation of the bill's provisions for a wholesaler's permit holder to become delinquent in the payment of such an invoice. The bill authorizes TABC to take

disciplinary action against a wholesaler who violates the bill's provisions and, in determining an appropriate disciplinary action for such a violation, to consider the duration of the delinquency, the amount of the delinquent payment, any previous violations of the bill's provisions committed by the wholesaler, the financial resources of the wholesaler, and any other factors TABC or the administrator determines relevant.

S.B. 1355 requires TABC to adopt rules to implement the bill's provisions, including rules regarding the submission of the applicable supporting documentation by a distiller's and rectifier's permit holder.

EFFECTIVE DATE

September 1, 2025.