

BILL ANALYSIS

Senate Research Center
89R8659 MPF-F

S.B. 1355
By: Parker
State Affairs
3/14/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Small distillers in Texas struggle with delayed payments from wholesalers, sometimes waiting over six months. While state law sets payment deadlines for retailers paying wholesalers, no such requirement exists for wholesalers paying manufacturers. Distillers cannot stay in business if wholesalers continue these delays. Since package stores must pay wholesalers upon delivery, wholesalers should also be required to pay manufacturers on time.

S.B. 1355 standardizes payment timelines across the industry, mirroring package store requirements. It mandates that:

- distillers issue an invoice on the purchase date;
- wholesalers pay within 30 days;
- delinquent wholesalers can be reported to TABC;
- TABC places delinquent wholesalers on a list until payment is made; and
- TABC cannot renew, transfer, or issue new permits to wholesalers with outstanding payments.

As proposed, S.B. 1355 amends current law relating to liquor sales on credit by the holder of a distiller's and rectifier's permit to a wholesaler.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Alcoholic Beverage Commission in SECTION 1 (Section 102.33, Alcoholic Beverage Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 102, Alcoholic Beverage Code, by adding Section 102.33, as follows:

Sec. 102.33. SALE OF LIQUOR BY DISTILLER AND RECTIFIER TO WHOLESALE: CREDIT RESTRICTIONS. (a) Requires the holder of a distiller's and rectifier's permit to provide an invoice to the holder of a wholesaler's permit who purchases liquor from the distiller's and rectifier's permit holder. Requires that the invoice include the date of purchase.

(b) Requires the holder of a wholesaler's permit to pay for liquor purchased from the holder of a distiller's and rectifier's permit on or before the 30th day after the date the wholesaler receives the invoice.

(c) Authorizes the holder of the distiller's and rectifier's permit, if the holder of a wholesaler's permit becomes delinquent in the payment of an account for liquor under this section, to report that fact in writing, including by electronic mail or facsimile transmission, to the Texas Alcoholic Beverage Commission (TABC). Provides that an account becomes delinquent if it is not paid when it is required to be paid under Subsection (b).

(d) Requires TABC to maintain a list of wholesaler's permit holders who have been reported to TABC under Subsection (c) for failing to pay for the purchase of liquor under this section. Requires TABC to remove a wholesaler from the list on receiving proof that the wholesaler's delinquent account is paid in full.

(e) Prohibits TABC from accepting the voluntary cancellation or suspension of a wholesaler permit or allowing a permit to be renewed or transferred if the permit holder is delinquent in the payment of an account for liquor under this section. Provides that a person whose permit is canceled by TABC or whose permit has expired is not eligible to hold any other permit or license under this code until the person has cured any delinquency of the person under this section.

(f) Requires TABC to adopt rules to implement this section.

SECTION 2. Effective date: September 1, 2025.