

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1355
By: Parker
State Affairs
3/21/2025
Committee Report (Substituted)

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 Texas Alcoholic Beverage Commission (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.

(Original Author's/Sponsor's Statement of Intent)

C.S.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 WHOLESALER: CREDIT RESTRICTIONS. (a) Requires the holder of a distiller's and rectifier's permit to provide a written invoice to the holder of a wholesaler's permit who purchases liquor from the holder of the distiller's and rectifier's permit.

(b) Requires the holder of a wholesaler's permit to pay for liquor from the holder of a distiller's and rectifier's permit 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.

(c) Authorizes the holder of the distiller's and rectifier's permit who sold the liquor to the wholesaler, if the holder of a wholesaler's permit becomes delinquent in the payment of an invoice for liquor under this section, to report that fact in writing, along with any supporting documentation, to the Texas Alcoholic Beverage Commission (TABC). Provides that, for purposes of this section, a wholesaler becomes delinquent in the payment of an invoice if the wholesaler:

(1) fails to pay the amount due to the holder of the distiller's and rectifier's permit on or before the date payment is required under the agreed terms of a contract or letter of agreement between the holder of the distiller's and rectifier's permit and the wholesaler; and

(2) fails to pay the amount due to the holder of the distiller's and rectifier's permit after receiving a demand for payment from the holder of the distiller's and rectifier's permit, in accordance with any agreed payment terms of a contract or letter of agreement between the holder of the distiller's and rectifier's permit and the wholesaler.

(d) Provides that it is a violation of this section for the holder of a wholesaler's permit to become delinquent in the payment of an invoice under this section. Authorizes TABC to take disciplinary action against a wholesaler who violates this section. Authorizes TABC, in determining an appropriate disciplinary action for the violation, to consider certain information about the wholesaler and the delinquency.

(e) Requires TABC to adopt rules to implement this, including rules regarding the submission of supporting documentation by the holder of a distiller's and rectifier's permit under Subsection (c).

SECTION 2. Effective date: September 1, 2025.