

By: Hancock

S.B. No. 2225

A BILL TO BE ENTITLED

AN ACT

relating to the manufacture, distribution, sale, and taxation of ready-to-drink spirit beverages.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1.04, Alcoholic Beverage Code, is amended by amending Subdivision (3) and adding Subdivision (32) to read as follows:

(3) "Distilled spirits" means alcohol, spirits of wine, whiskey, rum, brandy, gin, or any liquor produced in whole or in part by the process of distillation, including all dilutions or mixtures of them~~[, and includes spirit coolers that may have an alcoholic content as low as four percent alcohol by volume and that contain plain, sparkling, or carbonated water and may also contain one or more natural or artificial blending or flavoring ingredients]~~.

(32) "Ready-to-drink spirit beverage" means a beverage that:

(A) consists of:

(i) a distilled spirit; and

(ii) a nonalcoholic beverage and other blending or flavoring component or ingredient;

(B) has an alcoholic content of not more than 10 percent by volume; and

(C) is contained in a sealed container that does

1 not exceed 3.75 liters.

2 SECTION 2. Subchapter B, Chapter 5, Alcoholic Beverage  
3 Code, is amended by adding Section 5.62 to read as follows:

4 Sec. 5.62. RULES REGARDING READY-TO-DRINK SPIRIT BEVERAGE.

5 The commission shall adopt rules related to the manufacture,  
6 distribution, sale, and regulation of ready-to-drink spirit  
7 beverages, including rules:

8 (1) authorizing the holder of a distiller's and  
9 rectifier's permit to manufacture, store, dispense, sample,  
10 transport, and sell those beverages as provided by this code;

11 (2) authorizing the holder of a nonresident seller's  
12 permit to manufacture and sell those beverages to general and  
13 branch distributors as provided by this code;

14 (3) authorizing persons authorized to sell malt  
15 beverages at retail to purchase ready-to-drink spirit beverages  
16 from general and branch distributors and sell those beverages to  
17 consumers in this state;

18 (4) clarifying the applicability of Section 102.31 to  
19 the sales of those beverages;

20 (5) clarifying the applicability of Section 101.671 to  
21 those beverages; and

22 (6) clarifying that, for state tax purposes,  
23 ready-to-drink spirit beverages are classified as spirit  
24 beverages.

25 SECTION 3. Section 14.01, Alcoholic Beverage Code, is  
26 amended to read as follows:

27 Sec. 14.01. AUTHORIZED ACTIVITIES. (a) The holder of a

distiller's and rectifier's permit may:

- (1) manufacture distilled spirits;
- (2) rectify, purify, and refine distilled spirits and wines;
- (3) mix wines, distilled spirits, or other liquors;
- (4) bottle, label, and package the permit holder's finished products;
- (5) sell the finished products in this state to holders of wholesaler's permits and to qualified persons outside the state;
- (6) purchase distilled spirits, to be used only for manufacturing or rectification purposes, from holders of nonresident seller's permits or distiller's and rectifier's permits;
- (7) dispense free distilled spirits for consumption on the permitted premises under Section 14.04 or at a temporary event under Section 14.09;
- (8) sell bulk alcohol produced by the permit holder for purposes described by Section 38.01; ~~and~~
- (9) sell distilled spirits to ultimate consumers under Section 14.04 or 14.05;
- (10) manufacture ready-to-drink spirit beverages;
- (11) sell the finished ready-to-drink spirit beverages to holders of general and branch distributor's licenses and qualified persons outside this state;
- (12) sell ready-to-drink spirit beverages to ultimate consumers in the same manner as distilled spirits under Section

1 14.04 or 14.05; and

2 (13) dispense free ready-to-drink spirit beverages  
3 for consumption on the permitted premises in the same manner as  
4 distilled spirits under Section 14.04 or at a temporary event under  
5 Section 14.09.

6 (b) The privileges granted to a distiller and rectifier are  
7 confined strictly to distilled spirits, ready-to-drink spirit  
8 beverages, and wines manufactured and rectified under the  
9 distiller's and rectifier's ~~[his]~~ permit.

10 SECTION 4. Section 14.07, Alcoholic Beverage Code, is  
11 amended by adding Subsection (h) to read as follows:

12 (h) The holder of a distiller's and rectifier's permit or  
13 the agent or employee of the holder of a distiller's and rectifier's  
14 permit may conduct a sampling of a ready-to-drink spirit beverage  
15 in the same manner as provided under this section for the sampling  
16 of distilled spirits.

17 SECTION 5. Section 14.071, Alcoholic Beverage Code, is  
18 amended by adding Subsection (e) to read as follows:

19 (e) The holder of a distiller's and rectifier's permit may  
20 transport ready-to-drink spirit beverages in the same manner as  
21 provided under this section for the transportation of liquor.

22 SECTION 6. Section 24.01(a), Alcoholic Beverage Code, is  
23 amended to read as follows:

24 (a) The holder of a wine only package store permit may:

25 (1) purchase wine and vinous liquors in this state  
26 from the holder of a winery, wholesaler's, or class B wholesaler's  
27 permit;

1           (2) purchase malt beverages and ready-to-drink spirit  
2 beverages from the holder of a general or branch distributor's  
3 license; and

4           (3) sell those beverages to consumers at retail on or  
5 from the licensed premises in unbroken original containers of not  
6 less than six ounces for off-premises consumption only and not for  
7 the purpose of resale.

8           SECTION 7. Section 25.01, Alcoholic Beverage Code, is  
9 amended to read as follows:

10          Sec. 25.01. AUTHORIZED ACTIVITIES. The holder of a wine and  
11 malt beverage retailer's permit may sell:

12           (1) for consumption on or off the premises where sold,  
13 but not for resale, wine and malt beverages containing alcohol in  
14 excess of one-half of one percent by volume and not more than 17  
15 percent by volume; ~~and~~

16           (2) for consumption on the premises, the following  
17 beverages containing alcohol in excess of one-half of one percent  
18 by volume and not more than 24 percent by volume:

19                   (A) traditional port or sherry;

20                   (B) dessert-flavored wine; or

21                   (C) rice wine; and

22           (3) for consumption on or off the premises where sold,  
23 but not for resale, ready-to-drink spirit beverages.

24          SECTION 8. Section 26.01(a), Alcoholic Beverage Code, is  
25 amended to read as follows:

26          (a) The holder of a wine and malt beverage retailer's  
27 off-premise permit may sell for off-premises consumption only, in

unbroken original containers, but not for resale:

(1) ~~[-]~~ wine and malt beverages containing alcohol in excess of one-half of one percent by volume but not more than 17 percent by volume; and

(2) ready-to-drink spirit beverages.

SECTION 9. Sections 37.01(a) and (d), Alcoholic Beverage Code, are amended to read as follows:

(a) The holder of a nonresident seller's permit may:

(1) solicit and take orders for liquor from permittees authorized to import liquor into this state; ~~[and]~~

(2) ship liquor into this state, or cause it to be shipped into this state, in consummation of sales made to permittees authorized to import liquor into the state; and

(3) ship ready-to-drink spirit beverages into this state, or cause them to be shipped into this state, in consummation of sales made to holders of a general or branch distributor's permit authorized to import those beverages into this state.

(d) The holder of a nonresident seller's permit or an agent or employee of the permit holder may provide samples or tastings of the kinds of distilled spirits and ready-to-drink spirit beverages the permit holder is authorized to produce in the manner authorized by Section 14.07 for the holder of a distiller's and rectifier's permit or the agent or employee of the holder of a distiller's and rectifier's permit. Distilled spirits and ready-to-drink spirit beverages may legally be transported by the holder of a nonresident seller's permit or the permit holder's agent or employee to a retailer's premises for the purpose of providing a sample or a

1 tasting under this subsection. The cost of the distilled spirits  
2 and ready-to-drink spirit beverages provided for a sampling or  
3 tasting under this subsection is the responsibility of the holder  
4 of the nonresident seller's permit providing the sampling or  
5 tasting.

6 SECTION 10. Section 37.011(a), Alcoholic Beverage Code, is  
7 amended to read as follows:

8 (a) The holder of a nonresident seller's permit who owns a  
9 distillery outside of the state or whose affiliate owns a  
10 distillery outside of the state and holds a distiller's and  
11 rectifier's permit may enter into an agreement with the holder of a  
12 distiller's and rectifier's permit that allows the nonresident  
13 seller to engage in the following activities on the distiller's and  
14 rectifier's permitted premises:

15 (1) manufacture distilled spirits or ready-to-drink  
16 spirit beverages;

17 (2) rectify, purify, and refine distilled spirits,  
18 ready-to-drink spirit beverages, and wines;

19 (3) mix wines, distilled spirits, or other liquors;

20 (4) bottle, label, and package the nonresident  
21 seller's finished products; ~~and~~

22 (5) except as provided by Subdivision (6), sell the  
23 finished products in this state to holders of distiller's and  
24 rectifier's permits and holders of wholesaler's permits and to  
25 authorized wholesalers and manufacturers outside the state; and

26 (6) sell finished ready-to-drink spirit beverages in  
27 this state to holders of distiller's and rectifier's permits,

1 holders of general and branch distributor's licenses, and  
2 authorized wholesalers and manufacturers outside the state.

3 SECTION 11. Section 37.03, Alcoholic Beverage Code, is  
4 amended to read as follows:

5 Sec. 37.03. PERMIT REQUIRED. A nonresident seller's permit  
6 is required of any distillery, winery, importer, broker, or person  
7 who sells liquor or ready-to-drink spirit beverages to permittees  
8 authorized to import liquor or ready-to-drink spirit beverages into  
9 this state, regardless of whether the sale is consummated inside or  
10 outside the state.

11 SECTION 12. Section 37.07, Alcoholic Beverage Code, is  
12 amended to read as follows:

13 Sec. 37.07. PROHIBITED ACTIVITIES. No holder of a  
14 nonresident seller's permit, nor any officer, director, agent, or  
15 employee of the holder, nor any affiliate of the holder, regardless  
16 of whether the affiliation is corporate or by management,  
17 direction, or control, may do any of the following:

18 (1) hold or have an interest in the permit, business,  
19 assets, or corporate stock of a person authorized to import liquor  
20 into this state for the purpose of resale unless the interest was  
21 acquired on or before January 1, 1941, or unless the permittee is a  
22 Texas corporation holding a manufacturer's license and a brewer's  
23 permit issued before April 1, 1971;

24 (2) fail to make or file a report with the commission  
25 as required by a rule of the commission;

26 (3) sell liquor or ready-to-drink spirit beverages for  
27 resale inside this state that fail [~~fails~~] to meet the standards of

1 quality, purity, and identity prescribed by the commission;

2 (4) advertise any liquor or ready-to-drink spirit  
3 beverages contrary to the laws of this state or to the rules of the  
4 commission, or sell liquor or ready-to-drink spirit beverages for  
5 resale in this state in violation of advertising or labeling rules  
6 of the commission;

7 (5) sell liquor or ready-to-drink spirit beverages for  
8 resale inside this state or cause them [~~it~~] to be brought into the  
9 state in a size of container prohibited by this code or by rule of  
10 the commission;

11 (6) solicit or take orders for liquor or  
12 ready-to-drink spirit beverages from a person not authorized to  
13 import liquor into this state for the purpose of resale;

14 (7) induce, persuade, or influence, or attempt to  
15 induce, persuade, or influence, a person to violate this code or a  
16 rule of the commission, or conspire with a person to violate this  
17 code or a rule of the commission; or

18 (8) exercise a privilege granted by a nonresident  
19 seller's permit while an order or suspension against the permit is  
20 in effect.

21 SECTION 13. Section 37.08, Alcoholic Beverage Code, is  
22 amended to read as follows:

23 Sec. 37.08. CANCELLATION OR SUSPENSION: NOTICE TO  
24 IMPORTERS. When a nonresident seller's permit is cancelled or  
25 suspended, the commission shall immediately notify in writing all  
26 permittees authorized to import liquor or ready-to-drink spirit  
27 beverages into the state.

SECTION 14. Section 37.09, Alcoholic Beverage Code, is amended to read as follows:

Sec. 37.09. RESTRICTION ON IMPORTATION. No person who holds a permit authorizing the importation of liquor or ready-to-drink spirit beverages, nor his agent or employee, may purchase or order liquor or ready-to-drink spirit beverages for importation from any person other than a nonresident seller's permittee. An importer may not purchase or order liquor or ready-to-drink spirit beverages from a nonresident seller's permittee whose permit is under suspension after the importer has received notice of the suspension.

SECTION 15. Sections 37.10(a) and (b), Alcoholic Beverage Code, are amended to read as follows:

(a) No holder of a nonresident seller's permit may solicit, accept, or fill an order for distilled spirits, ready-to-drink spirit beverages, or wine from a holder of any type of wholesaler's, distributor's, or winery permit unless the nonresident seller is the primary American source of supply for the brand of distilled spirits, ready-to-drink spirit beverages, or wine that is ordered.

(b) In this section, "primary American source of supply" means the distiller, the producer, the owner of the commodity at the time it becomes a marketable product, the bottler, or the exclusive agent of any of those. To be the "primary American source of supply" the nonresident seller must be the first source, that is, the manufacturer or the source closest to the manufacturer, in the channel of commerce from whom the product can be secured by Texas wholesalers, Texas distributors, and Texas wineries. Except as

1 provided by Subsection (c), a product may have only one primary  
2 American source of supply to Texas.

3 SECTION 16. Section 37.13, Alcoholic Beverage Code, is  
4 amended to read as follows:

5 Sec. 37.13. SOLICITATION FROM HOLDER OF MIXED BEVERAGE OR  
6 PRIVATE CLUB PERMIT. A holder of a nonresident seller's permit may  
7 not solicit business directly or indirectly from a holder of a mixed  
8 beverage permit or a private club registration permit unless the  
9 nonresident seller's permit holder ~~[he]~~ is accompanied by the  
10 holder of a wholesaler's permit or the wholesaler's agent or, for  
11 the solicitation of business in relation to a ready-to-drink spirit  
12 beverage, the holder of a general or branch distributor's license  
13 or the distributor's agent.

14 SECTION 17. Section 37.14, Alcoholic Beverage Code, is  
15 amended to read as follows:

16 Sec. 37.14. MONTHLY REPORTS. The commission shall  
17 promulgate rules requiring holders of nonresident seller's permits  
18 to file monthly reports of liquor and ready-to-drink spirit  
19 beverages sold to persons within this state. The reports shall be  
20 supported by copies of invoices. The commission shall prescribe  
21 and furnish forms for this purpose.

22 SECTION 18. Section 64.01(a), Alcoholic Beverage Code, is  
23 amended to read as follows:

24 (a) The holder of a general distributor's license may:

25 (1) receive malt beverages in unbroken original  
26 packages from brewers and brewpubs and from general or branch  
27 distributors;

1           (2) distribute or sell malt beverages in the unbroken  
2 original packages in which they are received to general or branch  
3 distributors, to local distributor permittees, to permittees or  
4 licensees authorized to sell to ultimate consumers, to private club  
5 registration permittees, to authorized outlets located on any  
6 installation of the national military establishment, or to  
7 qualified persons for shipment and consumption outside the state;  
8 ~~[and]~~

9           (3) serve free malt beverages and ready-to-drink  
10 spirit beverages for consumption on the licensed premises;

11           (4) receive ready-to-drink spirit beverages in  
12 unbroken original packages from holders of distiller's and  
13 rectifier's permits, holders of nonresident seller's permits, and  
14 general or branch distributors; and

15           (5) distribute or sell ready-to-drink spirit  
16 beverages in unbroken original packages in which they are received  
17 to general or branch distributors, to permittees or licensees  
18 authorized to sell to ultimate consumers, or to qualified persons  
19 for shipment and consumption outside this state.

20           SECTION 19. Section 64.04(a), Alcoholic Beverage Code, is  
21 amended to read as follows:

22           (a) Each holder of a general or branch distributor's license  
23 shall make and keep a daily record of every receipt of malt  
24 beverages and ready-to-drink spirit beverages and of every sale of  
25 malt beverages and ready-to-drink spirit beverages, including the  
26 name of each purchaser. Each transaction shall be recorded on the  
27 day it occurs. The licensee shall make and keep any other records

1 that the commission or administrator requires.

2 SECTION 20. Sections 64.07(a) and (b), Alcoholic Beverage  
3 Code, are amended to read as follows:

4 (a) Any number of general and branch distributors may use  
5 the same delivery vehicles, premises, location, or place of  
6 business as licensed premises if the malt beverages and  
7 ready-to-drink spirit beverages owned and stored by each of the  
8 distributors are segregated.

9 (b) If delivery vehicles are shared by any number of  
10 distributors who also hold any class of wholesaler's permits,  
11 liquor, ~~or~~ malt beverages, or ready-to-drink spirit beverages may  
12 be transported.

13 SECTION 21. Chapter 64, Alcoholic Beverage Code, is amended  
14 by adding Section 64.091 to read as follows:

15 Sec. 64.091. READY-TO-DRINK SPIRIT BEVERAGES FOR EXPORT.

16 (a) In this section, "ready-to-drink spirit beverages for export"  
17 means ready-to-drink spirit beverages a distributor holds for  
18 export to another state in which the distributor has been assigned a  
19 territory for the distribution and sale of the ready-to-drink  
20 spirit beverages. The term includes ready-to-drink spirit  
21 beverages that are illegal to sell in this state because of alcohol  
22 content, containers, packages, or labels.

23 (b) The holder of a general distributor's license who  
24 receives ready-to-drink spirit beverages for export from the holder  
25 of a distiller's and rectifier's permit or nonresident seller's  
26 permit may:

27 (1) store the ready-to-drink spirit beverages for

1 export at the distributor's premises;

2 (2) transport the ready-to-drink spirit beverages for  
3 export outside the state in the distributor's own vehicles; or

4 (3) deliver the ready-to-drink spirit beverages for  
5 export to a common carrier for export and delivery outside the  
6 state.

7 (c) The holder of a general distributor's license is not  
8 liable for any state tax on the ready-to-drink spirit beverages for  
9 export.

10 SECTION 22. Section 64.10, Alcoholic Beverage Code, is  
11 amended by adding Subsection (e) to read as follows:

12 (e) The holder of a general distributor's license may import  
13 ready-to-drink spirit beverages into this state in the same manner  
14 as provided for the importation of malt beverages under this  
15 section except that the ready-to-drink spirit beverages may only be  
16 imported from the holder of a nonresident seller's permit.

17 SECTION 23. Chapter 66, Alcoholic Beverage Code, is amended  
18 by adding Section 66.12 to read as follows:

19 Sec. 66.12. READY-TO-DRINK SPIRIT BEVERAGES FOR EXPORT.

20 (a) In this section, "ready-to-drink spirit beverages for export"  
21 means ready-to-drink spirit beverages a distributor holds for  
22 export to another state in which the distributor has been assigned a  
23 territory for the distribution and sale of the ready-to-drink  
24 spirit beverages. The term includes ready-to-drink spirit  
25 beverages that are illegal to sell in this state because of alcohol  
26 content, containers, packages, or labels.

27 (b) The holder of a branch distributor's license who

1 receives ready-to-drink spirit beverages for export from the holder  
2 of a distiller's and rectifier's permit or nonresident seller's  
3 permit may:

4 (1) store the ready-to-drink spirit beverages for  
5 export at the distributor's premises;

6 (2) transport the ready-to-drink spirit beverages for  
7 export outside the state in the distributor's own vehicles; or

8 (3) deliver the ready-to-drink spirit beverages for  
9 export to a common carrier for export and delivery outside the  
10 state.

11 (c) The holder of a branch distributor's license is not  
12 liable for any state tax on the ready-to-drink spirit beverages for  
13 export.

14 SECTION 24. Section 71.01, Alcoholic Beverage Code, is  
15 amended to read as follows:

16 Sec. 71.01. AUTHORIZED ACTIVITIES. The holder of a retail  
17 dealer's off-premise license may sell malt beverages and  
18 ready-to-drink spirit beverages in lawful containers to consumers,  
19 but not for resale and not to be opened or consumed on or near the  
20 premises where sold.

21 SECTION 25. Section 101.46(a), Alcoholic Beverage Code, is  
22 amended to read as follows:

23 (a) Except as provided by Subsections (b) and ~~(c)~~, ~~and~~  
24 ~~(d)~~, no person may import, sell, or possess with intent to sell any  
25 liquor in a container with a capacity of less than 20 milliliters.  
26 A container of liquor offered for sale that has a capacity of less  
27 than six fluid ounces must substantially conform to the labeling

requirements of the Bureau of Alcohol, Tobacco, and Firearms for larger containers in which liquor is sold. Holders of distiller's or rectifier's permits wishing to sell liquor bottled in containers of less than six fluid ounces to wholesalers must sell such containers of liquor to wholesalers in units of unbroken, sealed cases. Wholesalers shall sell liquor bottled in containers of less than six fluid ounces to package stores in units of unbroken, sealed cases.

SECTION 26. Section 101.66, Alcoholic Beverage Code, is amended to read as follows:

Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT PROHIBITED. A person may not manufacture, sell, barter, or exchange a beverage that contains more than one-half of one percent alcohol by volume and not more than five percent alcohol by volume, except malt beverages, wine coolers, and ready-to-drink spirit beverages ~~[coolers]~~.

SECTION 27. Section 101.671, Alcoholic Beverage Code, is amended by adding Subsection (g) to read as follows:

(g) An authorized permittee must register and get approval in the manner provided by this section for distilled spirits before the permittee may ship a ready-to-drink spirit beverage within this state.

SECTION 28. Section 102.31(a), Alcoholic Beverage Code, is amended to read as follows:

(a) This section applies to:

(1) the sale of malt beverages or malt beverage containers or the original packages in which malt beverages are

1 received, packaged, or contained by a distributor's licensee to a  
2 retail dealer's on-premise or off-premise licensee, a wine and malt  
3 beverage retailer's permittee, or a wine and malt beverage  
4 retailer's off-premise permittee; ~~and~~

5 (2) the sale of malt beverages by a local distributor's  
6 permittee, or by any licensee authorized to sell those beverages  
7 for resale, to a mixed beverage permittee; and

8 (3) the sale of ready-to-drink spirit beverages by a  
9 distributor's licensee to the holder of a wine only package store  
10 permit, wine and malt beverage retailer's permit, wine and malt  
11 beverage retailer's off-premise permit, or retail dealer's  
12 off-premise license.

13 SECTION 29. Subchapter C, Chapter 102, Alcoholic Beverage  
14 Code, is amended by adding Section 102.501 to read as follows:

15 Sec. 102.501. APPLICABILITY OF SUBCHAPTER TO CERTAIN  
16 PERMITTEES AND LICENSEES. The holder of a distiller's and  
17 rectifier's permit or nonresident seller's permit shall designate  
18 territorial limits and enter into written agreements with general  
19 or branch distributor's licensees only with regards to the sale of  
20 ready-to-drink spirit beverages in the same manner as a provider  
21 for the sale of malt beverages under this subchapter.

22 SECTION 30. Subchapter D, Chapter 102, Alcoholic Beverage  
23 Code, is amended by adding Section 102.715 to read as follows:

24 Sec. 102.715. APPLICABILITY TO CERTAIN PERMITTEES AND  
25 LICENSEES. (a) In this subchapter, the term "brewer" includes a  
26 person permitted under Section 14.01 or 37.01 only with regards to  
27 the manufacture and sale of ready-to-drink spirit beverages.

1        (b) In this subchapter, the term "malt beverage" includes a  
2 ready-to-drink spirit beverage.

3        SECTION 31. Section 105.051, Alcoholic Beverage Code, is  
4 amended to read as follows:

5        Sec. 105.051. SALE OF CERTAIN ALCOHOLIC [~~MALT~~] BEVERAGES BY  
6 DISTRIBUTOR'S LICENSEE. The holder of a general or branch  
7 distributor's license may sell, offer for sale, or deliver malt  
8 beverages and ready-to-drink spirit beverages 24 hours a day Monday  
9 through Saturday and between midnight and 1 a.m. and between noon  
10 and midnight on Sunday.

11        SECTION 32. Chapter 105, Alcoholic Beverage Code, is  
12 amended by adding Section 105.052 to read as follows:

13        Sec. 105.052. HOURS OF SALE: READY-TO-DRINK SPIRIT  
14 BEVERAGES. A person may sell, offer for sale, or deliver  
15 ready-to-drink spirit beverages during the same hours as a person  
16 may sell malt beverages under Section 105.05.

17        SECTION 33. Section 105.081, Alcoholic Beverage Code, is  
18 amended by amending Subsection (a) and adding Subsection (c) to  
19 read as follows:

20        (a) The holder of a distiller's and rectifier's permit may  
21 sell and offer for sale distilled spirits and ready-to-drink spirit  
22 beverages for on-premises consumption and a person may consume  
23 distilled spirits and ready-to-drink spirit beverages on the  
24 permitted premises during the same hours mixed beverages may be  
25 sold and offered for sale by a mixed beverage permit holder under  
26 Section 105.03(b).

27        (c) The holder of a distiller's and rectifier's permit may

1 sell and offer for sale ready-to-drink spirit beverages to ultimate  
2 consumers for off-premises consumption during the same hours as a  
3 person may sell malt beverages under Section 105.05.

4 SECTION 34. Section 107.10, Alcoholic Beverage Code, is  
5 amended to read as follows:

6 Sec. 107.10. TRANSPORTATION OF WINE COOLERS [~~OR SPIRIT~~  
7 ~~COOLERS~~]. [~~(a)~~] A holder of a wholesaler's or general class B  
8 wholesaler's permit may transport and sell wine coolers without a  
9 prior order if the holder complies with the provisions of this code  
10 and rules of the commission applicable to the transportation and  
11 sale of malt beverages by a holder of a distributor's license.

12 [~~(b) A holder of a wholesaler's permit may transport and~~  
13 ~~sell spirit coolers without a prior order if the holder complies~~  
14 ~~with the provisions of this code and rules of the commission~~  
15 ~~applicable to the transportation and sale of malt beverages by a~~  
16 ~~holder of a distributor's license.~~]

17 SECTION 35. Section 201.02, Alcoholic Beverage Code, is  
18 amended to read as follows:

19 Sec. 201.02. "FIRST SALE" DEFINED. In this subchapter,  
20 "first sale":

21 (1) as applied to liquor imported into this state by  
22 the holder of a wholesaler's permit authorizing importation, means  
23 the first actual sale by the permittee to the holder of any other  
24 permit authorizing the retail sale of the beverage or to the holder  
25 of a local distributor's permit; and

26 (2) as applied to all other liquor, means the first  
27 sale, possession, distribution, or use in this state, except that

1 the term does not include the first sale by:

2 (A) the holder of a winery permit to another  
3 holder of a winery permit or the holder of a wholesaler's permit;  
4 ~~[or]~~

5 (B) the holder of a distiller's and rectifier's  
6 permit to the holder of a wholesaler's permit; or

7 (C) the holder of a distiller's and rectifier's  
8 permit or nonresident seller's permit to the holder of a general or  
9 branch distributor's license.

10 SECTION 36. Section 101.46(d), Alcoholic Beverage Code, is  
11 repealed.

12 SECTION 37. As soon as practicable after the effective date  
13 of this Act, the Texas Alcoholic Beverage Commission shall adopt  
14 rules necessary to implement the changes in law made by this Act.

15 SECTION 38. This Act takes effect September 1, 2025.