

BILL ANALYSIS

Senate Research Center
85R24231 MCK-F

C.S.H.B. 2098
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In the 83rd Regular Session, the Legislature passed S.B. 515 to remove barriers that prevented brewpubs from expanding in Texas. Brewpubs are essentially small breweries that manufacture malt liquor, ale, and beer.

For the first time, S.B. 515 allowed brewpubs to sell their product to the middle tier of the alcohol regulatory system, which is made up of wholesalers and distributors. There are six different types of wholesaler or distributor permits, each of which is defined in a different section of the Alcoholic Beverage Code.

S.B. 515 inadvertently addressed some but not all of the six wholesaler and distributor permits. H.B. 2098 corrects this oversight by adding the brewpub language to the wholesaler and distributor sections of the code that were left out of S.B. 515.

With these changes, any of the six wholesaler or distributor permits will allow the permit holder to purchase alcohol from a brewpub. This makes sense because all six of the permits already allow the permit holder to purchase from breweries and other alcohol manufacturers.

All of these changes are in keeping with the legislative intent of the brewpub reforms that were passed in the 83rd Regular Session. Further, they in no way disturb the three-tiered system in Texas. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 2098 amends current law relating to allowing certain wholesalers and distributors to purchase beer, ale, and malt liquor from the holder of a brewpub license.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 19.01, Alcoholic Beverage Code, to authorize the holder of a wholesaler's permit to, among certain other actions, purchase ale and malt liquor from holders of brewpub licenses. Redesignates existing Subdivisions (2) through (5) as Subdivisions (3) through (6) and make no further changes to those subdivisions.

SECTION 2. Amends Section 21.01, Alcoholic Beverage Code, as follows:

Sec. 21.01. AUTHORIZED ACTIVITIES. Authorizes the holder of a local class B wholesaler's permit to:

(1) makes no changes to this subdivision;

(2) purchase malt and vinous liquors from holders of brewer's permits, holders of brewpub licenses, and other wholesalers in the state. Makes a nonsubstantive change;

(3) makes nonsubstantive changes; and

(4) makes no changes to this subdivision.

SECTION 3. Amends Section 65.01(a), Alcoholic Beverage Code, as follows:

(a) Authorizes the holder of a local distributor's license to:

(1) receive beer in unbroken original packages from manufacturers and brewpubs, rather than from manufacturers, and from general, branch, or local distributors;

(2) and (3) makes no changes to these subdivisions.

SECTION 4. Amends Section 74.10(a), Alcoholic Beverage Code, to authorize the holder of a brewpub license, in addition to the activities authorized by Section 74.01 (Authorized Activities), to sell ale and malt liquor to the holder of a wholesaler's permit, a general class B wholesaler's permit, or a local class B wholesaler's permit, rather than to the holder of a local class B wholesaler's permit.

SECTION 5. Effective date: upon passage or September 1, 2017.