

BILL ANALYSIS

Senate Research Center
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S.B. 1760
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the holder of a distiller's and rectifier's permit, distiller's agent's permit, or employee of the permit holder may participate in and conduct product tastings of distilled spirits only at a package store retailer's premises. However, holders of a brewers permit and holders of a winery permit are currently allowed to conduct product tastings at certain other types of alcoholic beverage retailer's premises: (1) a mixed beverage permit holder, (2) a private club registration permit holder, (3) a wine and beer retailer's permit holder, (4) at a wine and beer retailer's off-premises permit holder, (5) a wine only package store permit holder, and (6) a package store permit holder.

Additionally, while a brewery permit holder and a distiller's and rectifier's permit holder must purchase their own product from the retailer on whose premises the product tasting is held, according to guidance from the Texas Alcoholic Beverage Commission, a winery permit holder may provide wine from its own inventory as long as the winery is conducting a tasting at one of the aforementioned wine, beer, or package store retailers, the wine is legally transported to the retailer, and the wine is ordinarily offered for sale by the winery permit holder.

Despite the time-intensive and cost-intensive similarities between distilled spirits and wine, current law prohibits the holder of a distiller's and rectifier's permit from providing distilled spirits from its own inventory at a product tasting. S.B. 1760 addresses these discrepancies by regulating alcoholic beverage products tastings in a more equitable manner.

S.B. 1760 amends the Alcoholic Beverage Code to:

- authorize the holder of a distiller's or rectifier's permit, distiller's agent's permit, or employee of the holder of a distiller's and rectifier's permit to provide free distilled spirits tastings on the premises of the holder of a package store permit, a mixed beverage permit holder, and a private club registration permit holder;
- authorize the holder of a distiller's and rectifier's permit to provide distilled spirits from its own inventory;
- require the holder of the distiller's and rectifier's permit or their agent or employee to provide written notice to the permit holder for the premises where the product tasting is to be conducted that the agent or employee maintains a seller server certificate; and
- make conforming changes to Alcoholic Beverage Code provisions relating to open containers, consuming liquor, possessing alcohol not purchased from a supplier or without identification stamps, and removing unused inventory on the premises of a package store permit holder, mixed beverage permit holder, or private club registration permit holder, as applicable.

As proposed, S.B. 1760 amends current law relating to product tastings of alcoholic beverages on certain permitted premises.

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 Chapter 14, Alcoholic Beverage Code, by adding Section 14.07, as follows:

Sec. 14.07. **PRODUCT TASTINGS.** (a) Authorizes the holder of a certain permit or the agent or employee of the holder of the permit to conduct certain distilled spirits samplings on the premises of the holder of certain permits and open, touch, or pour distilled spirits, make a presentation, or answer questions at a distilled spirits sampling or product tasting.

(b) Authorizes the distilled spirits used for a distilled spirits sampling or product tasting under Subsection (a) to be provided from the distiller's and rectifier's permit holder's inventory if the distilled spirits are legally transported to the premises where the sampling or product tasting is to be conducted, the distilled spirits are ordinarily offered for sale by the holder of the distiller's and rectifier's permit, the holder of the distiller's and rectifier's permit pays the taxes owed under Chapter 183 (Mixed Beverage Taxes), Tax Code, on the distilled spirits used for the sampling or product tasting, and except as provided by Subsection (d), the person who conducts the sampling or product tasting complies with the requirements of Section 52.01 (Authorized Activities), Alcoholic Beverage Code, for conducting a product tasting under that section.

(c) Requires the holder of a distiller's and rectifier's permit or the permit holder's agent or employee, before an agent or employee of a holder of a distiller's and rectifier's permit conducts a distilled spirits sampling or product tasting under this section, to provide to the permit holder for the premises where the sampling or product tasting is to be conducted written notice that the agent or employee maintains a seller server certificate as defined by 16 T.A.C. Section 50.2.

(d) Provides that to the extent of a conflict between this section and Section 52.01, this section controls.

SECTION 2. Amends Section 15.01, Alcoholic Beverage Code, to authorize the holder of a distiller's agent's permit to conduct free distilled spirits tastings for consumers on the premises of the holder of a package store permit, mixed beverage permit, or private club registration permit.

SECTION 3. Amends Sections 22.10 and 22.11, Alcoholic Beverage Code, to provide exceptions under Section 14.07 or Section 52.01, rather than Section 52.01.

SECTION 4. Amends Sections 28.06(a) and (c), Alcoholic Beverage Code, to provide exceptions under Section 14.07.

SECTION 5. Amends Section 28.15(a), Alcoholic Beverage Code, to provide an exception under Section 14.07.

SECTION 6. Amends Section 32.15, Alcoholic Beverage Code, as follows:

Sec. 32.15 **REMOVAL OF BEVERAGES FROM PREMISES.** Prohibits a private club, irrespective of location or system of storage of alcoholic beverages, from permitting any person to remove any alcoholic beverages from the club premises, except as authorized by Section 28.10(b) (relating to certain exceptions to the prohibition of a mixed beverage permittee from permitting any person to take any alcoholic beverage purchased on the premises) or for the purpose of removing unused inventory the person brought onto the premises under Section 14.07(b). Makes nonsubstantive changes.

SECTION 7. Amends Section 32.20(a), Alcoholic Beverage Code, to provide an exception under Section 14.07.

SECTION 8. Repealer: Sections 52.01(b) (relating to the requirement that written notification of a product testing be posted at a certain time and place) and (c) (relating to the requirement that a copy of the notice be kept on file and be available for inspection), Alcoholic Beverage Code.

SECTION 9. Effective date: September 1, 2017.