

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 482
By: Geren (Eltife)
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.H.B. 482 clarifies the type of wholesaler who may purchase malt and vinous liquors from a brewpub license holder as well as to whom a brewpub license holder may sell those products on the wholesale tier level.

C.S.H.B. 482 corrects an oversight to allow the holder of a wholesaler's permit, a general class B wholesaler's permit, or a local class B wholesaler's permit to purchase malt and vinous liquors from a holder of a brewpub license, and likewise allows the holder of a brewpub license to sell to them.

By amending sections to include holders of wholesaler's permits and local class B wholesaler's permits, the bill also eliminates the need for a wholesaler to hold multiple permits to purchase malt and vinous liquors from a brewpub license holder.

Additionally, C.S.H.B. 482 updates language to allow Texas brewpubs to sell to qualified persons out-of-state, if they so choose. This will level the playing field with other states' brewpubs, which can already freely sell their beer to distributors in Texas.

The 83rd Legislature, Regular Session, 2013, passed S.B. 515, which was intended to remove barriers to market for licensed Texas brewpubs. C.S.H.B. 482 resolves a potential legal conflict arising from the Commerce Clause of the United States Constitution whereby in-state distributors have the right to purchase product from Texas brewpubs, whereas out-of-state distributors do not. This was due to a drafting error in S.B. 515.

The Texas Alcoholic Beverage Commission (TABC) currently has 96 licensed brewpubs registered in the state. Not only would C.S.H.B. 482 remove artificial regulatory and economic barriers to market for these brewpubs, it would also resolve potential legal conflicts that may arise regarding the Commerce Clause of the United States Constitution. C.S.H.B. 482 will also eliminate the need for Texas beer distributors to purchase an obscure, otherwise needless permit from TABC.

C.S.H.B. 482 amends current law relating to allowing the holder of a brewpub license to sell beer, ale, and malt liquor to certain wholesalers, distributors, and qualified persons outside the state.

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, as follows:

Sec. 19.01. AUTHORIZED ACTIVITIES. Authorizes the holder of a wholesaler's permit to participate in certain transactions as set forth, including purchasing ale and malt liquor from holders of brewpub licenses. Makes nonsubstantive changes regarding redesignation of subdivisions.

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

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

- (1) Makes no change 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;
- (3) sell the malt and vinous liquors, in the original containers in which the permit holder receives them, to general and local class B wholesaler's permittees and, in the permit holder's county of residence, to local distributor's permittees and retailers, including mixed beverage permittees and daily temporary mixed beverage permittees; and
- (4) Makes no change to this subdivision.

Makes nonsubstantive changes.

SECTION 3. Amends Section 65.01(a), Alcoholic Beverage Code, to allow the holder of a local distributor's license to participate in certain transactions as set forth, including receiving beer in unbroken original packages from manufacturers and brewpubs and from general, branch, or local distributors.

SECTION 4. Amends Section 74.09(a), Alcoholic Beverage Code, to authorize the holder of a brewpub license to sell beer produced under the license to the holder of a general, local, or branch distributor's license or to qualified distributors outside the state, in addition to the activities authorized by Section 74.01 (Authorized Activities).

SECTION 5. Amends Section 74.10(a), Alcoholic Beverage Code, to authorize the holder of a brewpub license 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 or to qualified wholesalers outside the state, in addition to the activities authorized by Section 74.01.

SECTION 6. Effective date: upon passage or September 1, 2015.