

.BILL ANALYSIS

C.S.H.B. 3766
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that rapid growth in the market, drastic weather events, and the evolution of the Texas wine industry as a whole have edged grape growers into a volatile economic climate in which they are often forced to cede title of their grapes to a storage or processing facility and to sell the grapes below market cost. It has been suggested that a system for fluid transfers of product between grape growers, processing facilities, and wineries is needed for the Texas wine industry to continue to flourish. C.S.H.B. 3766 seeks to help address these issues by providing for the storage of grapes in a public warehouse and the issuance of related receipts.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3766 amends the Agriculture Code to include grapes among the goods stored by an applicable public warehouse operator and to require such an operator to issue a warehouse receipt to any person who deposits grapes in the operator's warehouse and requests a receipt. The bill sets out the required contents of such a receipt and makes an operator's failure or neglect to comply with the receipt requirements a ground for revocation of a certificate to transact business as a public warehouse operator. The bill establishes that a natural byproduct of grapes stored in a public warehouse operator's warehouse is an agricultural commodity and not subject to regulation under other law, regardless of the byproduct's alcohol content, until the byproduct is removed from the warehouse or mixed with another ingredient. The bill exempts from provisions regulating certain public warehouse operators a producer of grapes who stores in a warehouse owned by the producer grapes produced and owned by the producer.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3766 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision establishing that a natural byproduct of grapes stored in a public warehouse operator's warehouse is an agricultural commodity and not subject to regulation under other law, regardless of the byproduct's alcohol content, until the byproduct is removed from the warehouse or mixed with another ingredient.