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(1) the convention and visitors bureau within the county executes a preferred access facilities contract with a major state university based in the county for the purpose of promoting tourism in the county;

(2) the county allocates, for payments to the university under the contract described by Subdivision (1) to be used for the renovation of a stadium located in the county and owned by the university, the portion of the revenue received by the county that is derived from the application of the tax at a rate of more than two percent of the price paid for a room in a hotel; and

(3) not more than 30 years have passed from the date bonds were originally issued by the university to finance a stadium renovation project for the stadium described by Subdivision (2).

(ii-2) Subsection (i-1) and this subsection expire on the date the county commissioners court certifies that all debt issued or incurred by the university to finance or refinance the stadium renovation project described by Subsection (i-1), including interest and any costs relating to the debt, has been paid in full.

SECTION 2. Section 352.1034(b), Tax Code, is amended to read as follows:

(b) The county must spend at least 20 percent of the revenue from the tax on marketing projects that directly promote tourism, hotel, and convention activity.

SECTION 3. Section 351.0035, Tax Code, is repealed.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

Passed by the House on May 2, 2013: Yeas 145, Nays 2, 2 present, not voting; passed by the Senate on May 22, 2013: Yeas 31, Nays 0.

Approved June 14, 2013.

Effective June 14, 2013.

CHAPTER 1074

H.B. No. 3307

AN ACT

relating to the manufacture of malt beverages, including under alternating brewery proprietorship and contract brewing arrangements.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 1.04, Alcoholic Beverage Code, is amended by adding Subdivisions (26) and (27) to read as follows:

(26) "Alternating brewery proprietorship" means an arrangement in which two or more parties take turns using the physical premises of a brewery as permitted under this code and federal law.

(27) "Contract brewing arrangement" means an arrangement in which two breweries, each of which has a separate facility, contract for one brewery to manufacture malt beverages on behalf of the other brewery due to the limited capacity or other reasonable business necessity of one party to the arrangement.

SECTION 2. Section 12.01(a), Alcoholic Beverage Code, is amended to read as follows:

(a) The holder of a brewer's permit may:

(1) manufacture, bottle, package, and label malt liquor;

(2) import ale and malt liquor acquired from a holder of a nonresident brewer's permit;

(3) sell the ale and malt liquor only to wholesale permit holders in this state or to qualified persons outside the state;
(4) dispense ale and malt liquor for consumption on the premises; [and]
(5) conduct samplings of ale or malt liquor, including tastings, at a retailer's premises; and
(6) enter into an alternating brewery proprietorship or contract brewing arrangement as provided by Section 12.06.

SECTION 3. Section 12.06, Alcoholic Beverage Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (e) and (f) to read as follows:

(a) The holder of [An entity or successor to an entity that on May 1, 2005, held] a brewer's or nonresident brewer's permit [or whose brand was legally sold in this state] may contract with the holder of a brewer's permit:

(1) to provide brewing services; or
(2) for the use of the permit holder's brewing facilities under an alternating brewery proprietorship if each party to the proprietorship:

(A) has filed the appropriate Brewer's Notice and Brewer's Bond, as required by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury; and
(B) if applicable, has posted with the commission a bond in an amount determined by the commission under Subsection (e) or (f) [or to provide brewing services].

(b) An entity [or successor to an entity that on May 1, 2005, held] a brewer's or nonresident brewer's permit [or whose brand was legally sold in this state] is not required to own its brewing facilities if the entity operates under an alternating brewery proprietorship as provided by Subsection (a).

(c) Each entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must hold a permit at the location where brewing services are conducted under the arrangement [More than one brewer's permit may be issued for a single

premises if the permit holder for the premises has contract with an entity or successor to an entity that on May 1, 2005, held a bre'er's or nonresident brewer's permit or whose brand was legally sold in this state for the use of the permit holder's brewing facilities or to provide brewing services].

(e) Subject to Subsection (f), the commission by rule may require an entity that is a party to an alternating brewery proprietorship or contract brewing arrangement to post with the commission a bond in an amount determined by the commission not to exceed $200,000.

(f) An entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must post with the commission a bond in an amount determined by the commission of not less than $30,000 if the entity does not own a fee interest in a brewing facility.

SECTION 4. Section 13.04, Alcoholic Beverage Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (e) and (f) to read as follows:

(a) The holder of [An entity or successor to an entity that on May 1, 2005, held] a brewer's or nonresident brewer's permit [or whose brand was legally sold in this state] may contract with the holder of a nonresident brewer's permit:

(1) to provide brewing services; or
(2) for the use of the permit holder's brewing facilities under an alternating brewery proprietorship if each party to the proprietorship:

(A) has filed the appropriate Brewer's Notice and Brewer's Bond as required by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury; and
(B) if applicable, has posted with the commission a bond in an amount determined by the commission under Subsection (e) or (f) [or to provide brewing services].

(b) An entity [or successor to an entity that on May 1, 2005, held] a brewer's or nonresident brewer's permit [or whose brand was legally sold in this state] is not required to own its brewing facilities if the entity operates under an alternating brewery proprietorship as provided by Subsection (a).
(c) Each entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must hold a permit at the location where brewing services are conducted under the arrangement [More than one nonresident brewer's permit may be issued for a single premises if the permit holder for the premises has contracted with an entity or successor to an entity that on May 1, 2005, held a brewer's or nonresident brewer's permit or whose brand was legally sold in this state for the use of the permit holder's brewing facilities or to provide brewing services].

(e) Subject to Subsection (f), the commission by rule may require an entity that is a party to an alternating brewery proprietorship or contract brewing arrangement to post with the commission a bond in an amount determined by the commission not to exceed $200,000.

(f) An entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must post with the commission a bond in an amount determined by the commission of not less than $30,000 if the entity does not own a fee interest in a brewing facility.

SECTION 5. Section 61.41(d), Alcoholic Beverage Code, is amended to read as follows:

(d) Notwithstanding Subsection (a) and Sections 11.49 and 109.53, more than one manufacturer's or nonresident manufacturer's license may be issued for a single premises if the license holder for the premises has contracted with an entity under an alternating brewery proprietorship or contract brewing arrangement [or successor to an entity that on May 1, 2005, held a manufacturer's or nonresident manufacturer's license or whose brand was legally sold in this state for the use of the license holder's premises, for manufacturing purposes, or to provide manufacturing services].

SECTION 6. Section 62.01(a), Alcoholic Beverage Code, is amended to read as follows:

(a) The holder of a manufacturer's license may:

(1) manufacture or brew beer and distribute and sell it in this state to the holders of general, local, and branch distributor's licenses and to qualified persons outside the state;

(2) dispense beer for consumption on the premises;

(3) bottle and can beer and pack it into containers for resale in this state, regardless of whether the beer is manufactured or brewed in this state or in another state and imported into Texas; [and]

(4) conduct samplings of beer, including tastings, at a retailer's premises; and

(5) enter into an alternating brewery proprietorship or contract brewing arrangement as provided by Section 62.14.

SECTION 7. Section 62.14, Alcoholic Beverage Code, is amended by amending Subsections (a) and (b) and adding Subsections (b-1), (d), and (e) to read as follows:

(a) The holder of [An entity or successor to an entity that on May 1, 2005, held a manufacturer's or nonresident manufacturer's license [or whose brand was legally sold in this state] may contract with the holder of a manufacturer's license:

(1) to provide manufacturing services; or

(2) for the use of the license holder's manufacturing facilities under an alternating brewery proprietorship if each party to the proprietorship:

(A) has filed the appropriate Brewer's Notice and Brewer's Bond as required by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury; and

(B) if applicable, has posted with the commission a bond in an amount determined by the commission under Subsection (d) or (e) [or to provide manufacturing services].

(b) An entity [or successor to an entity that on May 1, 2005, held a manufacturer's or nonresident manufacturer's license [or whose brand was legally sold in this state] is not required to own its manufacturing facilities if the entity operates under an alternating brewery proprietorship as provided by Subsection (a).]

(b-1) Each entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must hold a license at the location where manufacturing services are conducted under the arrangement.
(d) Subject to Subsection (e), the commission by rule may require an entity that is a party to an alternating brewery proprietorship or contract brewing arrangement to post with the commission a bond in an amount determined by the commission not to exceed $200,000.

(e) An entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must post with the commission a bond in an amount determined by the commission of not less than $30,000 if the entity does not own a fee interest in a manufacturing facility.

SECTION 8. Section 63.05, Alcoholic Beverage Code, is amended by amending Subsections (a) and (b) and adding Subsections (b-1), (d), and (e) to read as follows:

(a) The holder of an entity or successor to an entity that on May 1, 2005, held a manufacturer's or nonresident manufacturer's license or whose brand was legally sold in this state may contract with the holder of a nonresident manufacturer's license:

(1) to provide manufacturing services; or

(2) for the use of the license holder's manufacturing facilities under an alternating brewery proprietorship if each party to the proprietorship:

(A) has filed the appropriate Brewer's Notice and Brewer's Bond as required by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury; and

(B) if applicable, has posted with the commission a bond in an amount determined by the commission under Subsection (d) or (e) or (f).

(b) An entity or successor to an entity that on May 1, 2005, held a manufacturer's or nonresident manufacturer's license or whose brand was legally sold in this state is not required to own its manufacturing facilities if the entity operates under an alternating brewery proprietorship as provided by Subsection (a).

(b-1) Each entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must hold a license at the location where manufacturing services are conducted under the arrangement.

(d) Subject to Subsection (e), the commission by rule may require an entity that is a party to an alternating brewery proprietorship or contract brewing arrangement to post with the commission a bond in an amount determined by the commission not to exceed $200,000.

(e) An entity that is a party to an alternating brewery proprietorship or contract brewing arrangement must post with the commission a bond in an amount determined by the commission of not less than $30,000 if the entity does not own a fee interest in a manufacturing facility.

SECTION 9. Subchapter A, Chapter 102, Alcoholic Beverage Code, is amended by adding Section 102.22 to read as follows:

Sec. 102.22. VERIFICATION OF USE OF FACILITIES. (a) A person who holds a permit issued under Chapter 12 or 13 or a license issued under Chapter 62 or 63 shall verify to the commission on an annual basis that a brewing or manufacturing facility owned or controlled by the permit or license holder is not used to produce malt beverages primarily for a specific retailer or the retailer's affiliates.

(b) The commission shall adopt a form for the verification required under this section.

SECTION 10. This Act takes effect September 1, 2013.

Passed by the House on May 2, 2013: Yeas 147, Nays 0, 2 present, not voting; passed by the Senate on May 20, 2013: Yeas 31, Nays 0.

Approved June 14, 2013.

Effective September 1, 2013.