

## **BILL ANALYSIS**

Senate Research Center  
85R23065 MCK-F

C.S.S.B. 1642  
By: Watson  
Business & Commerce  
4/21/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, brewpubs may produce 10,000 barrels of malt liquor, ale, and beer per year and then sell their product directly from their premises to consumers. They may also sell their product to Texas distributors, and Texas retailers in certain situations. The current statute, however, does not explicitly allow Texas brewpubs to sell their product to qualified out-of-state entities.

This omission creates a potential conflict with the commerce clause of the United States Constitution because out-of-state brewpubs can sell to Texas distributors. In other words, current law does not explicitly allow Texas brewpubs to do what non-Texas brewpubs may do in Texas.

S.B. 1642 fixes this problem by allowing Texas brewpubs to sell their product to "qualified distributors or other similarly situated entities outside the state." This change respects other states' regulatory framework while correcting the imbalance that currently exists in Texas law. Further, this change will allow Texas brewpubs to operate on a level playing field with out-of-state brewpubs. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1642 amends current law relating to allowing the holder of a brewpub license to sell beer, ale, and malt liquor to certain 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 74.09(a), Alcoholic Beverage Code, to include qualified distributors or other similarly situated entities outside the state to whom the holder of a brewpub license is authorized to sell beer produced under the license.

SECTION 2. Amends Section 74.10(a), Alcoholic Beverage Code, to include a holder of a wholesaler's permit, a general class B wholesaler's permit, and qualified wholesalers or other similarly situated entities outside the state as entities to whom the holder of a brewpub license is authorized to sell ale and malt liquor.

SECTION 3. Effective date: upon passage or September 1, 2017.