

By: _____ .B. No. _____

Substitute the following for .B. No. _____:

By: _____ C.S. .B. No. _____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to production requirements for holders of winery permits.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Chapter 16, Alcoholic Beverage Code, is amended
5 by adding Section 16.012 to read as follows:

6 Sec. 16.012. PRODUCTION REQUIREMENTS. (a) This section
7 does not apply to a holder of a winery permit described by Section
8 16.09(i).

9 (b) The holder of a winery permit must produce or bottle and
10 offer for sale at least 200 gallons of wine or fruit brandy annually
11 beginning in the 12-month period preceding the first anniversary of
12 the date the winery's original permit is issued.

13 (b-1) Notwithstanding Subsection (b), the holder of a
14 winery permit issued before September 1, 2014, must produce or
15 bottle and offer for sale at least 200 gallons of wine or fruit
16 brandy annually beginning in the 12-month period preceding
17 September 1, 2015. This subsection expires September 1, 2016.

18 (c) The production required by this section must be done at
19 the permitted location or at a Texas winery owned and operated by
20 the same permit holder.

21 (d) Failure to comply with this section constitutes grounds
22 to cancel or suspend a winery permit or deny an application for
23 renewal of a winery permit.

24 SECTION 2. Section 16.09, Alcoholic Beverage Code, is

1 amended by adding Subsections (f), (g), (h), and (i) to read as
2 follows:

3 (f) At least 51 percent by volume of the wine shipped under
4 this section must be produced or bottled in this state:

5 (1) by the holder of a winery permit on the winery's
6 premises or at another permitted location owned and operated by the
7 permit holder;

8 (2) under an operating agreement authorized by Section
9 16.05; or

10 (3) under an agreement with another winery permit
11 holder for a bottling brand under an Alcohol and Tobacco Tax and
12 Trade Bureau Basic Permit trade name application.

13 (g) The holder of a winery permit shall maintain complete
14 records of each sale and delivery made under this section for at
15 least five years from the date of the sale. The records shall be
16 made available on request for inspection by the commission or any
17 other appropriate state agency.

18 (h) The commission shall adopt rules requiring the holder of
19 a winery permit to periodically file reports providing the
20 commission with any information the commission determines is
21 necessary to more efficiently and effectively enforce this section.

22 At a minimum, the reports must specify:

23 (1) whether wine sold and delivered by the permit
24 holder under this section was produced or bottled in this state; and

25 (2) whether the wine was:

26 (A) produced or bottled:

27 (i) by the holder of the winery permit on

1 the winery's premises or at another permitted location owned and
2 operated by the permit holder;

3 (ii) under an operating agreement
4 authorized by Section 16.05; or

5 (iii) under an agreement with another
6 winery permit holder for a bottling brand under an Alcohol and
7 Tobacco Tax and Trade Bureau Basic Permit trade name application;
8 or

9 (B) purchased from an authorized source.

10 (i) Subsection (f) does not apply to the holder of a winery
11 permit issued on or before June 1, 2012, if at least 95 percent by
12 volume of the wine shipped under that permit during 2012 had a
13 personalized label that:

14 (1) contained a personal message, picture, or other
15 artwork that was specific to the consumer who purchased the
16 product; and

17 (2) was designed by the consumer and affixed by the
18 permit holder at the licensed premises.

19 SECTION 3. This Act takes effect September 1, 2014.