

1-1 By: Geren (Senate Sponsor - Hancock) H.B. No. 1997  
 1-2 (In the Senate - Received from the House April 23, 2019;  
 1-3 April 24, 2019, read first time and referred to Committee on  
 1-4 Business & Commerce; May 6, 2019, reported adversely, with  
 1-5 favorable Committee Substitute by the following vote: Yeas 8,  
 1-6 Nays 0; May 6, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16			X	
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1997 By: Hancock

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the sampling of distilled spirits provided by the  
 1-22 manufacturer to a retailer of distilled spirits.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 14, Alcoholic Beverage Code, is amended  
 1-25 by adding Section 14.07 to read as follows:

1-26 Sec. 14.07. RETAILER SAMPLING. (a) Subject to this section  
 1-27 and notwithstanding any other provision of this code, the holder of  
 1-28 a distiller's and rectifier's permit or the agent or employee of the  
 1-29 holder of a distiller's and rectifier's permit may:

1-30 (1) provide a sample of distilled spirits to the  
 1-31 holder of a retail permit authorizing the sale of distilled spirits  
 1-32 or an agent or employee of the holder of the retail permit; or

1-33 (2) provide a distilled spirits product tasting on the  
 1-34 retailer's premises, including the opening, touching, or pouring of  
 1-35 distilled spirits, for the holder of the retail permit or an agent  
 1-36 or employee of the holder of the retail permit.

1-37 (b) The holder of the distiller's and rectifier's permit or  
 1-38 the agent or employee of the holder of the distiller's and  
 1-39 rectifier's permit may make a presentation or answer questions at a  
 1-40 distilled spirits tasting provided under Subsection (a).

1-41 (c) The holder of a retail permit authorizing the sale of  
 1-42 distilled spirits or an agent or employee of the permit holder may  
 1-43 not sample or taste a distilled spirit provided under this section  
 1-44 on the permitted retail premises unless:

1-45 (1) the holder of the distiller's and rectifier's  
 1-46 permit is present; or

1-47 (2) an agent or employee of the holder of the  
 1-48 distiller's and rectifier's permit is present.

1-49 (d) The distilled spirits provided as a sample or at a  
 1-50 tasting under Subsection (a):

1-51 (1) must be manufactured by the holder of the  
 1-52 distiller's and rectifier's permit;

1-53 (2) may not be of a brand previously purchased by the  
 1-54 holder of the retailer's permit unless the spirits were purchased  
 1-55 and used for educational or training purposes;

1-56 (3) must be limited to 750 milliliters of each brand  
 1-57 provided as a sample or at a tasting; and

1-58 (4) must meet all labeling requirements of this code.

1-59 (e) Distilled spirits may legally be transported by the  
 1-60 holder of the distiller's and rectifier's permit or the permit

2-1 holder's agent or employee to a retail premises for the purpose of  
2-2 providing a sample or a tasting under this section.

2-3 (f) The cost of the distilled spirits provided for a  
2-4 sampling or tasting under this section is the responsibility of the  
2-5 holder of the distiller's and rectifier's permit providing the  
2-6 sampling or tasting.

2-7 (g) The holder of a distiller's and rectifier's permit or  
2-8 the agent or employee of the holder of a distiller's and rectifier's  
2-9 permit may not negotiate price or establish agreements while  
2-10 providing samples or tastings under this section.

2-11 SECTION 2. Section 15.01, Alcoholic Beverage Code, is  
2-12 amended to read as follows:

2-13 Sec. 15.01. AUTHORIZED ACTIVITIES. The holder of a  
2-14 distiller's agent's permit may:

2-15 (1) represent the holder of a distiller's and  
2-16 rectifier's permit;

2-17 (2) solicit and take orders from a holder of a  
2-18 wholesaler's permit for the sale of distilled spirits manufactured  
2-19 by the permit holder represented by the agent; ~~and~~

2-20 (3) conduct free distilled spirits tastings for  
2-21 consumers on the premises of the holder of a package store permit;  
2-22 and

2-23 (4) provide samples or tastings of distilled spirits  
2-24 on a retailer's premises in accordance with Section 14.07.

2-25 SECTION 3. Sections 22.10 and 22.11, Alcoholic Beverage  
2-26 Code, are amended to read as follows:

2-27 Sec. 22.10. OPENING CONTAINERS PROHIBITED. Except as  
2-28 authorized under Section 14.07, 37.01(d), or 52.01 ~~[of this code]~~,  
2-29 no person may break or open a container containing liquor or beer or  
2-30 possess an opened container of liquor or beer on the premises of a  
2-31 package store.

2-32 Sec. 22.11. CONSUMPTION ON PREMISES PROHIBITED. Except as  
2-33 authorized under Section 14.07, 37.01(d), or 52.01, no person may  
2-34 sell, barter, exchange, deliver, or give away any drink or drinks of  
2-35 alcoholic beverages from a container that has been opened or broken  
2-36 on the premises of a package store.

2-37 SECTION 4. Sections 28.06(a) and (c), Alcoholic Beverage  
2-38 Code, are amended to read as follows:

2-39 (a) Except as provided by Sections 14.07 and 37.01(d), no  
2-40 ~~[No]~~ holder of a mixed beverage permit, nor any officer, agent, or  
2-41 employee of a holder, may possess or permit to be possessed on the  
2-42 premises for which the permit is issued any alcoholic beverage  
2-43 which is not covered by an invoice from the supplier from whom the  
2-44 alcoholic beverage was purchased.

2-45 (c) Except as provided by Sections 14.07 and 37.01(d), no  
2-46 ~~[No]~~ holder of a mixed beverage permit, nor any officer, agent, or  
2-47 employee of a holder, may knowingly possess or permit to be  
2-48 possessed on the licensed premises any alcoholic beverage which is  
2-49 not covered by an invoice from the supplier from whom the alcoholic  
2-50 beverage was purchased.

2-51 SECTION 5. Section 28.15(a), Alcoholic Beverage Code, is  
2-52 amended to read as follows:

2-53 (a) Except as provided by Sections 14.07 and 37.01(d), a [A]  
2-54 mixed beverage permittee may not possess or permit a person to  
2-55 possess on the premises distilled spirits in any container that  
2-56 does not bear a serially numbered identification stamp issued by  
2-57 the commission or other identification approved by the commission.

2-58 SECTION 6. Section 32.15, Alcoholic Beverage Code, is  
2-59 amended to read as follows:

2-60 Sec. 32.15. REMOVAL OF BEVERAGES FROM PREMISES. A private  
2-61 club, irrespective of location or system of storage of alcoholic  
2-62 beverages, may not permit any person to remove any alcoholic  
2-63 beverages from the club premises, except as authorized by  
2-64 ~~[Subsection (b) of]~~ Section 28.10(b) or for the purpose of removing  
2-65 unused inventory the person brought onto the premises under Section  
2-66 14.07 or 37.01(d) ~~[28.10 of this code].~~

2-67 SECTION 7. Section 32.20(a), Alcoholic Beverage Code, is  
2-68 amended to read as follows:

2-69 (a) Except as provided by Sections 14.07 and 37.01(d), a [A]

3-1 private club registration permittee may not possess or permit a  
3-2 person to possess on the premises distilled spirits in any  
3-3 container that does not bear a serially numbered identification  
3-4 stamp issued by the commission or other identification approved by  
3-5 the commission.

3-6 SECTION 8. Section 36.01, Alcoholic Beverage Code, is  
3-7 amended to read as follows:

3-8 Sec. 36.01. AUTHORIZED ACTIVITIES. The holder of a  
3-9 manufacturer's agent's permit may:

3-10 (1) represent only the holders of nonresident seller's  
3-11 permits; ~~and~~

3-12 (2) solicit and take orders for the sale of liquor from  
3-13 permittees authorized to import liquor for the purpose of resale;  
3-14 and

3-15 (3) if the agent represents the holder of a  
3-16 nonresident seller's permit, provide samples or tastings of  
3-17 distilled spirits on a retailer's premises as authorized by Section  
3-18 37.01(d).

3-19 SECTION 9. Section 37.01, Alcoholic Beverage Code, is  
3-20 amended by amending Subsection (c) and adding Subsection (d) to  
3-21 read as follows:

3-22 (c) Any alcoholic beverages used in a sampling event under  
3-23 Subsection (b) [~~this section~~] must be purchased from the retailer  
3-24 on whose premises the sampling event is held. Subsection  
3-25 (b) [~~This section~~] does not authorize the holder of a nonresident  
3-26 seller's permit or manufacturer's agent's permit to withdraw or  
3-27 purchase alcoholic beverages from the holder of a wholesaler's  
3-28 permit or provide alcoholic beverages for a sampling event on a  
3-29 retailer's premises that is not purchased from the retailer. The  
3-30 amount of alcoholic beverages purchased from the retailer may not  
3-31 exceed the amount of alcoholic beverages used in the sampling  
3-32 event.

3-33 (d) The holder of a nonresident seller's permit or an agent  
3-34 or employee of the permit holder may provide samples or tastings of  
3-35 the kinds of distilled spirits the permit holder is authorized to  
3-36 produce in the manner authorized by Section 14.07 for the holder of  
3-37 a distiller's and rectifier's permit or the agent or employee of the  
3-38 holder of a distiller's and rectifier's permit. Distilled spirits  
3-39 may legally be transported by the holder of a nonresident seller's  
3-40 permit or the permit holder's agent or employee to a retailer's  
3-41 premises for the purpose of providing a sample or a tasting under  
3-42 this subsection. The cost of the distilled spirits provided for a  
3-43 sampling or tasting under this subsection is the responsibility of  
3-44 the holder of the nonresident seller's permit providing the  
3-45 sampling or tasting.

3-46 SECTION 10. This Act takes effect September 1, 2019.

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