

1-1 By: Zaffirini S.B. No. 60
1-2 (In the Senate - Filed November 14, 2022; February 15, 2023,
1-3 read first time and referred to Committee on State Affairs;
1-4 April 13, 2023, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 11, Nays 0; April 13, 2023,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Hughes	X		
1-10	Paxton	X		
1-11	Bettencourt	X		
1-12	Birdwell	X		
1-13	LaMantia	X		
1-14	Menéndez	X		
1-15	Middleton	X		
1-16	Parker	X		
1-17	Perry	X		
1-18	Schwertner	X		
1-19	Zaffirini	X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 60 By: Zaffirini

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to operating agreements between holders of a distiller's
1-24 and rectifier's permit and certain alcoholic beverage permit
1-25 holders.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Chapter 14, Alcoholic Beverage Code, is amended
1-28 by adding Section 14.10 to read as follows:

1-29 Sec. 14.10. OPERATING AGREEMENTS BETWEEN PERMIT HOLDERS.

1-30 (a) The holder of a distiller's and rectifier's permit may enter
1-31 into an agreement with another holder of a distiller's and
1-32 rectifier's permit that allows the distiller's and rectifier's
1-33 permit holder to engage in the following activities on the
1-34 permitted premises of the other distiller's and rectifier's permit
1-35 holder:

1-36 (1) manufacture distilled spirits;

1-37 (2) rectify, purify, and refine distilled spirits and
1-38 wines;

1-39 (3) mix wines, distilled spirits, or other liquors;

1-40 (4) bottle, label, and package the permit holder's
1-41 finished products;

1-42 (5) sell the finished products in this state to
1-43 holders of wholesaler's permits and to authorized wholesalers and
1-44 manufacturers outside the state;

1-45 (6) sell, through an affiliate who is the holder of a
1-46 nonresident seller's permit, the finished products in this state to
1-47 holders of wholesaler's permits and to authorized wholesalers and
1-48 manufacturers outside the state;

1-49 (7) purchase distilled spirits, to be used only for
1-50 manufacturing or rectification purposes, from holders of
1-51 nonresident seller's permits or distiller's and rectifier's
1-52 permits; and

1-53 (8) sell bulk alcohol produced by the permit holder
1-54 for purposes described by Section 38.01.

1-55 (b) The agreement is subject to approval by the commission
1-56 and must describe with specificity the nature, duration, and extent
1-57 of the activities authorized by the agreement.

1-58 (c) The holder of a distiller's and rectifier's permit may
1-59 enter into an agreement authorized by Section 37.011 with the
1-60 holder of a nonresident seller's permit.

2-1 (d) The holder of a distiller's and rectifier's permit on
2-2 whose premises another distiller's and rectifier's permit holder
2-3 contracts under this section to manufacture, bottle, package, or
2-4 label alcoholic beverages may not:

2-5 (1) consider or treat the alcoholic beverages
2-6 manufactured, bottled, packaged, or labeled under the agreement as
2-7 being owned by the permit holder; or

2-8 (2) sell those alcoholic beverages on the permit
2-9 holder's premises.

2-10 (e) The commission shall adopt rules regulating the shared
2-11 use of the permitted premises under this section to ensure
2-12 administrative accountability of each permit holder and a strict
2-13 separation between the businesses and operations of the permit
2-14 holders.

2-15 SECTION 2. Chapter 37, Alcoholic Beverage Code, is amended
2-16 by adding Section 37.011 to read as follows:

2-17 Sec. 37.011. OPERATING AGREEMENT WITH IN-STATE DISTILLERY.

2-18 (a) The holder of a nonresident seller's permit who owns a
2-19 distillery outside of the state or whose affiliate owns a
2-20 distillery outside of the state and holds a distiller's and
2-21 rectifier's permit may enter into an agreement with the holder of a
2-22 distiller's and rectifier's permit that allows the nonresident
2-23 seller to engage in the following activities on the distiller's and
2-24 rectifier's permitted premises:

2-25 (1) manufacture distilled spirits;

2-26 (2) rectify, purify, and refine distilled spirits and
2-27 wines;

2-28 (3) mix wines, distilled spirits, or other liquors;

2-29 (4) bottle, label, and package the nonresident
2-30 seller's finished products; and

2-31 (5) sell the finished products in this state to
2-32 holders of distiller's and rectifier's permits and holders of
2-33 wholesaler's permits and to authorized wholesalers and
2-34 manufacturers outside the state.

2-35 (b) The agreement is subject to approval by the commission
2-36 and must describe with specificity the nature, duration, and extent
2-37 of the activities authorized by the agreement.

2-38 (c) The holder of a distiller's and rectifier's permit on
2-39 whose premises the holder of a nonresident seller's permit
2-40 contracts under this section to manufacture, bottle, package, or
2-41 label alcoholic beverages may not:

2-42 (1) consider or treat the alcoholic beverages
2-43 manufactured, bottled, packaged, or labeled under the agreement as
2-44 being owned by the distiller's and rectifier's permit holder; or

2-45 (2) sell those alcoholic beverages on the distiller's
2-46 and rectifier's permit holder's premises.

2-47 (d) The commission shall adopt rules regulating the shared
2-48 use of the permitted premises under this section to ensure
2-49 administrative accountability of each permit holder and a strict
2-50 separation between the businesses and operations of the permit
2-51 holders.

2-52 SECTION 3. This Act takes effect September 1, 2023.

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