

Chapter 1359

H.B. No. 1545

1 AN ACT

2 relating to the continuation and functions of the Texas Alcoholic
3 Beverage Commission, including the consolidation, repeal, and
4 creation of certain licenses and permits; changing fees.

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

6 SECTION 1. The legislature finds that:

7 (1) the state is authorized under the Twenty-first
8 Amendment to the United States Constitution to promote the public's
9 interest in the fair, efficient, and competitive marketing of beer,
10 ale, and malt liquor in this state;

11 (2) the United States Supreme Court in *Granholm v.*
12 *Heald*, 544 U.S. 460 (2005), has recognized that the three-tier
13 system of regulating the alcoholic beverage industry is
14 unquestionably legitimate;

15 (3) in *Granholm*, the United States Supreme Court
16 further recognized that while the states are entitled to regulate
17 the production and sales of liquor within their borders, the right
18 is nonetheless subject to the provisions of the Constitution of the
19 United States, including the Interstate Commerce Clause, and laws
20 regulating the alcoholic beverage industry may not discriminate
21 against out-of-state participants or give undue deference to local
22 participants and may not ignore other provisions of the
23 Constitution, including the Supremacy Clause, Commerce Clause, and
24 the Privileges and Immunities Clause with its nondiscriminatory

1 principles;

2 (4) the state is authorized to promote, market, and
3 educate consumers about the emerging small brewing industry;

4 (5) it is in the state's interest to encourage
5 entrepreneurial and small business development opportunities in
6 the state that will lead to new capital investment in the state,
7 create new jobs in the state, and expand the state and local tax
8 base; and

9 (6) it is the public policy of the state to exercise
10 the police power of the state to protect the welfare, health, peace,
11 temperance, and safety of the people of Texas.

12 SECTION 2. Sections 1.04(5), (7), (13), (14), (15), (17),
13 (18), and (27), Alcoholic Beverage Code, are amended to read as
14 follows:

15 (5) "Liquor" means any alcoholic beverage, other than
16 a malt beverage, containing alcohol in excess of five [~~four~~]
17 percent by volume [~~weight~~], unless otherwise indicated. Proof that
18 an alcoholic beverage is alcohol, spirits of wine, whiskey, liquor,
19 wine, brandy, gin, rum, [~~ale, malt liquor,~~] tequila, mescal,
20 habanero, or barreteago, is prima facie evidence that it is liquor.

21 (7) "Wine and vinous liquor" means the product
22 obtained from the alcoholic fermentation of juice of sound ripe
23 grapes, fruits, berries, or honey, and includes wine coolers and
24 saké.

25 (13) "Mixed beverage" means one or more servings of a
26 beverage composed in whole or part of an alcoholic beverage in a
27 sealed or unsealed container of any legal size for consumption on

1 the premises where served or sold by the holder of a mixed beverage
2 permit, the holder of certain nonprofit entity temporary event
3 permits [~~a daily temporary mixed beverage permit, the holder of a~~
4 ~~caterer's permit, the holder of a mixed beverage late hours~~
5 ~~permit~~], the holder of a private club registration permit, or the
6 holder of certain retailer late hours certificates [~~a private club~~
7 ~~late hours permit~~].

8 (14) "Barrel" means, as a standard of measure, a
9 quantity of malt beverages [~~beer~~] equal to 31 standard gallons.

10 (15) "Malt beverage" [~~"Beer"~~] means a fermented [~~malt~~]
11 beverage of any name or description containing one-half of one
12 percent or more of alcohol by volume, brewed or produced from malt,
13 in whole or in part, or from any malt substitute [~~and not more than~~
14 ~~four percent of alcohol by weight~~].

15 (17) "Brewer [~~Manufacturer~~]" means a person engaged in
16 the [~~manufacture or~~] brewing of malt beverages [~~beer~~], whether
17 located inside or outside the state.

18 (18) "Original package," as applied to malt beverages
19 [~~beer~~], means a container holding malt beverages [~~beer~~] in bulk, or
20 any box, crate, carton, or other device used in packing malt
21 beverages [~~beer~~] that is contained in bottles or other containers.

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

1 SECTION 3. Effective December 31, 2020, Section 1.04(9),
2 Alcoholic Beverage Code, is amended to read as follows:

3 (9) "Applicant" means a person who submits or files an
4 original or renewal application with the [~~county judge,~~
5 commission~~], or administrator] for a license or permit.~~

6 SECTION 4. Chapter 1, Alcoholic Beverage Code, is amended
7 by adding Sections 1.08 and 1.09 to read as follows:

8 Sec. 1.08. PREVENTION OF HUMAN TRAFFICKING. It is the
9 intent of the legislature to prevent human trafficking at all
10 permitted and licensed premises, and all provisions of this code
11 shall be liberally construed to carry out this intent, and it shall
12 be a duty and priority of the commission to adhere to a zero
13 tolerance policy of preventing human trafficking and related
14 practices.

15 Sec. 1.09. REFERENCES TO CERTAIN TERMS. A reference in this
16 code to:

17 (1) "Ale," "beer," or "malt liquor" means a malt
18 beverage.

19 (2) "Brewer's permit" or "manufacturer's license"
20 means a brewer's license.

21 (3) "Nonresident brewer's permit" or "nonresident
22 manufacturer's license" means a nonresident brewer's license.

23 (4) "Wine and beer retailer's off-premise permit"
24 means a wine and malt beverage retailer's off-premise permit.

25 (5) "Wine and beer retailer's permit" means a wine and
26 malt beverage retailer's permit.

27 SECTION 5. Effective September 1, 2019, Section 5.01(b),

1 Alcoholic Beverage Code, is amended to read as follows:

2 (b) The Texas Alcoholic Beverage Commission is subject to
3 Chapter 325, Government Code (Texas Sunset Act). Unless continued
4 in existence as provided by that chapter, the commission is
5 abolished and Subchapter A, Chapter 5, expires September 1, 2031
6 [~~2019~~].

7 SECTION 6. Effective September 1, 2019, Section 5.02(a),
8 Alcoholic Beverage Code, is amended to read as follows:

9 (a) The commission is composed of five [~~three~~] members, who
10 are appointed by the governor with the advice and consent of the
11 senate.

12 SECTION 7. Effective September 1, 2019, Section 5.022,
13 Alcoholic Beverage Code, is amended by amending Subsection (b) and
14 adding Subsection (d) to read as follows:

15 (b) The training program must provide the person with
16 information regarding:

17 (1) the law governing [~~legislation that created the~~]
18 commission operations;

19 (2) [~~and~~] the [~~commission's~~] programs, functions,
20 rules, and budget of the commission;

21 (3) the scope of and limitations on the rulemaking
22 authority of the commission;

23 (4) [~~(2)~~] the results of the most recent formal audit
24 of the commission;

25 (5) [~~(3)~~] the requirements of:

26 (A) laws relating to open meetings, public
27 information, administrative procedure, and disclosing conflicts of

1 interest; and

2 (B) other laws applicable to members of a state
3 policymaking body in performing their duties; and

4 (6) [(4)] any applicable ethics policies adopted by
5 the commission or the Texas Ethics Commission.

6 (d) The administrator of the commission shall create a
7 training manual that includes the information required by
8 Subsection (b). The administrator shall distribute a copy of the
9 training manual annually to each member of the commission. Each
10 member of the commission shall sign and submit to the administrator
11 a statement acknowledging that the member received and has reviewed
12 the training manual.

13 SECTION 8. Effective September 1, 2019, Section 5.03,
14 Alcoholic Beverage Code, is amended to read as follows:

15 Sec. 5.03. TERMS OF OFFICE. The members of the commission
16 hold office for staggered terms of six years, with the term of one
17 or two members [~~member~~] expiring every two years. Each member holds
18 office until the member's [~~his~~] successor is appointed and has
19 qualified. The governor may appoint a [A] member to serve
20 consecutive terms [~~may be appointed to succeed himself~~].

21 SECTION 9. Effective September 1, 2019, Section 5.05,
22 Alcoholic Beverage Code, is amended by amending Subsections (a),
23 (a-1), and (a-2) and adding Subsection (a-3) to read as follows:

24 (a) A [No] person may not be appointed to or serve on the
25 commission, or hold an office under the commission, or be employed
26 by the commission, if the person is employed by or [~~who~~]

27 [(1)] has a [~~any~~] financial interest [~~connection with a~~]

1 ~~person engaged~~ in an alcoholic beverage business. For purposes of
2 this subsection, a person has a financial interest [+

3 ~~[(2) holds stocks or bonds]~~ in an alcoholic beverage
4 business if:

5 (1) the person owns or controls, directly or
6 indirectly, an ownership [+ or

7 ~~[(3) has a pecuniary]~~ interest of:

8 (A) at least five percent in a single [an]
9 alcoholic beverage business, including the right to share in
10 profits, proceeds, or capital gains; or

11 (B) at least five percent cumulative interest,
12 including the right to share in profits, proceeds, or capital
13 gains, in multiple alcoholic beverage businesses; or

14 (2) the person's spouse or child has an ownership
15 interest described by Subdivision (1).

16 (a-1) A financial interest prohibited by Subsection (a)
17 does not include an ownership interest under a retirement plan, a
18 blind trust, or insurance coverage, or an ownership interest of
19 less than five percent in a corporation.

20 (a-2) Notwithstanding any other law, a child of a commission
21 employee may be employed by the holder of a license or permit issued
22 under this code.

23 (a-3) [~~(a-2)~~] The commission shall establish an agency
24 policy requiring employees to disclose information regarding their
25 children's employment by a holder of a license or permit issued
26 under this code.

27 SECTION 10. Effective September 1, 2019, Subchapter A,

1 Chapter 5, Alcoholic Beverage Code, is amended by adding Section
2 5.21 to read as follows:

3 Sec. 5.21. ADVISORY COMMITTEES. (a) The commission, by
4 rule, may establish advisory committees it considers necessary to
5 accomplish the purposes of this code.

6 (b) Chapter 2110, Government Code, applies to an advisory
7 committee created by the commission.

8 SECTION 11. Effective September 1, 2019, the heading to
9 Section 5.361, Alcoholic Beverage Code, is amended to read as
10 follows:

11 Sec. 5.361. ENFORCEMENT; INSPECTIONS.

12 SECTION 12. Effective September 1, 2019, Section 5.361,
13 Alcoholic Beverage Code, is amended by adding Subsections (a-1) and
14 (a-2) to read as follows:

15 (a-1) As part of the commission's enforcement activities
16 under this section, the commission by rule shall develop a plan for
17 inspecting permittees and licensees using a risk-based approach
18 that prioritizes public safety. The inspection plan may provide
19 for a virtual inspection of the permittee or licensee that may
20 include a review of the permittee's or licensee's records or it may
21 also require a physical inspection of the permittee's or licensee's
22 premises.

23 (a-2) The inspection plan must:

24 (1) establish a timeline for the inspection of each
25 permittee and licensee that ensures that high-risk permittees and
26 licensees are prioritized; and

27 (2) require the commission to physically inspect the

1 premises of each permittee and licensee within a reasonable time as
2 set by rule.

3 SECTION 13. Effective September 1, 2019, Subchapter B,
4 Chapter 5, Alcoholic Beverage Code, is amended by adding Sections
5 5.363 and 5.364 to read as follows:

6 Sec. 5.363. DISCIPLINARY AUTHORITY OF ADMINISTRATOR AND
7 COMMISSION. (a) The commission by rule may delegate to the
8 administrator the authority to take disciplinary and enforcement
9 actions against a person subject to the commission's regulation
10 under this code, including the authority to enter into an agreed
11 settlement of a disciplinary action. In the rules adopted under
12 this subsection, the commission shall specify a threshold for the
13 types of disciplinary and enforcement actions that are delegated to
14 the administrator.

15 (b) The commission shall make the final decision in any
16 disciplinary action in a contested case that has had an
17 administrative hearing.

18 Sec. 5.364. RECEIPT AND USE OF MARKET DATA. (a) The
19 commission may receive market data that is voluntarily provided by
20 a licensee or permittee under this code.

21 (b) The commission may only use the market data received
22 under Subsection (a) for the commission's law enforcement purposes.
23 The commission may not use the data to create a database of
24 information containing individually identifying information.

25 SECTION 14. Section 5.40, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 5.40. REGULATION OF MALT BEVERAGE [~~BEER~~] CONTAINER

1 DEPOSITS. If the commission finds it necessary to effectuate the
2 purposes of this code, it may adopt rules to provide a schedule of
3 deposits required to be obtained on malt beverage [~~beer~~] containers
4 delivered by a licensee.

5 SECTION 15. Effective December 31, 2020, Section 5.43,
6 Alcoholic Beverage Code, is amended to read as follows:

7 Sec. 5.43. WHO MAY HOLD HEARING; RULES OF EVIDENCE. (a)
8 Except [~~as provided by Subsection (b)]~~ for a hearing [~~held under~~
9 ~~Section 61.32 of this code, a hearing]~~ on the adoption of commission
10 rules[~~7~~] or a hearing on an employment matter, the commission
11 designates the State Office of Administrative Hearings to conduct
12 and make a record of any hearing authorized by this code. If the
13 commission or administrator declares a hearing to be an emergency,
14 the State Office of Administrative Hearings shall assign an
15 administrative law judge or may contract with a qualified
16 individual within five days and set a hearing as soon as possible.

17 (b) The commission [~~or administrator~~] may render a decision
18 on the basis of the record or the proposal for decision if one is
19 required under the administrative procedure law, Chapter 2001,
20 Government Code, as if the [~~administrator or entire~~] commission had
21 conducted the hearing. The commission may prescribe its rules of
22 procedure for cases not heard by the State Office of Administrative
23 Hearings.

24 SECTION 16. Section 5.50, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 5.50. ESTABLISHMENT OF CERTAIN FEES. (a) The
27 commission by rule may establish reasonable fees for tasks and

1 services performed by the commission in carrying out the provisions
2 of this code, including fees for [~~incidental to~~] the issuance of
3 certificates, licenses, and permits under Title 3 [~~of this code~~].

4 (b) The commission may not increase or decrease a fee set by
5 this code, but if a statute is enacted creating a certificate,
6 permit, or license and there is no fee established, the commission
7 by rule may set a fee. The commission by rule shall assess a fee
8 [~~surcharges~~] on all applicants for an original or renewal
9 certificate, permit, or license issued by the commission [~~in~~
10 ~~addition to any fee set by this code~~] and collect the fee
11 [~~surcharges~~] at the time of application.

12 (b-1) The commission shall develop a process for setting
13 fees that ensures the amount of the fees for an original or renewal
14 certificate, permit, or license is sufficient to cover the costs
15 incurred by the commission in administering this code. The process
16 must:

17 (1) allow the commission to:

18 (A) consider relevant information including the
19 type of business being regulated and the level of regulatory
20 activities associated with each certificate, permit, or license;
21 and

22 (B) set different fees for the same original or
23 renewal certificate, permit, or license if the commission
24 determines the level of regulatory activities associated with a
25 certificate, permit, or license varies; and

26 (2) ensure that [~~In assessing a surcharge,~~] the
27 commission does [~~may~~] not overly penalize any segment of the

1 alcoholic beverage industry or impose an undue hardship on small
2 businesses.

3 (b-2) The commission shall periodically review the amount
4 of each fee collected under this code and adjust the amount of each
5 fee to ensure that the commission's regulatory costs are fairly
6 allocated among all certificate, permit, and license holders.

7 (c) The commission shall post on the commission's Internet
8 website the maximum amount of the fee for each permit and license
9 that a local governmental entity may levy and collect under
10 ~~[Insofar as they relate to the levying and collection of a local~~
11 ~~fee.] Sections 11.38 and 61.36 [of this code do not apply to fees~~
12 ~~set by rule of the commission].~~

13 (d) Revenues ~~[and surcharges]~~ from fees collected by the
14 commission under this section shall be deposited in the general
15 revenue fund.

16 SECTION 17. Section 5.51, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 5.51. BOOKKEEPING RECORDS. A permittee who holds a
19 permit issued under Chapter ~~[Chapters]~~ 28, 30, or 32 ~~[through 33 of~~
20 ~~this code]~~ may elect to keep all records required under this code on
21 a machine bookkeeping system. A permittee who desires to use such a
22 system must submit a written application for commission approval of
23 the system before implementing the system. The commission may
24 authorize a permittee to centralize the permittee's records.

25 SECTION 18. Effective September 1, 2019, Section 5.56(b),
26 Alcoholic Beverage Code, is amended to read as follows:

27 (b) The commission in accordance with this subsection may

1 recover the amount transferred under Subsection (a) by imposing a
2 surcharge on licenses and permits [~~, other than an agent's permit or~~
3 ~~an agent's beer license,~~] issued or renewed by the commission each
4 fiscal year. The surcharge shall be an amount equal to the amount
5 transferred under Subsection (a) divided by the number of licenses
6 and permits the commission anticipates issuing during that year,
7 rounded down to the next lowest whole dollar.

8 SECTION 19. Section 5.57(c), Alcoholic Beverage Code, is
9 amended to read as follows:

10 (c) The commission shall make a reasonable attempt to meet
11 with alcoholic beverage industry representatives from:

12 (1) the manufacturing, distribution, and retail tiers
13 of the industry; and

14 (2) the liquor, malt beverage [~~beer~~], and wine
15 segments of the industry.

16 SECTION 20. Effective September 1, 2019, Subchapter B,
17 Chapter 5, Alcoholic Beverage Code, is amended by adding Section
18 5.581 to read as follows:

19 Sec. 5.581. DISCLOSURE OF PERSONNEL RECORDS OF COMMISSIONED
20 PEACE OFFICERS. (a) In this section, "personnel record" includes
21 any letter, memorandum, or document maintained by the commission
22 that relates to a commissioned peace officer of the commission,
23 including background investigations, employment applications,
24 employment contracts, service and training records, requests for
25 off-duty employment, birth records, reference letters, letters of
26 recommendation, performance evaluations and counseling records,
27 results of physical tests, polygraph questionnaires and results,

1 proficiency tests, the results of health examinations and other
2 medical records, workers' compensation files, the results of
3 psychological examinations, leave requests, requests for transfers
4 of shift or duty assignments, commendations, promotional
5 processes, demotions, complaints and investigations,
6 employment-related grievances, and school transcripts.

7 (b) Except as provided by Subsection (c), the personnel
8 records of a commissioned peace officer of the commission may not be
9 disclosed under Chapter 552, Government Code, or otherwise made
10 available to the public while there is a pending internal
11 investigation for alleged employee misconduct.

12 (c) The commission may release any personnel record of a
13 commissioned peace officer:

14 (1) pursuant to a subpoena or court order, including a
15 discovery order;

16 (2) for use by the commission in an administrative
17 hearing; or

18 (3) with the written authorization of the officer who
19 is the subject of the record, as long as release of the information
20 does not interfere with the investigation of alleged misconduct by
21 the commissioned peace officer.

22 (d) A release of information under Subsection (c) does not
23 waive the right to assert in the future that the information is
24 excepted from required disclosure under this section or other law.

25 SECTION 21. Sections 6.03(g) and (k), Alcoholic Beverage
26 Code, are amended to read as follows:

27 (g) To accommodate the interests of the consuming public,

1 the expansion of popular nationwide businesses, and the increasing
2 state interest in tourism, and at the same time to guard against the
3 threats of organized crime, unfair competition, and decreased
4 opportunities for small businesses, the legislature finds that
5 there is no longer need for the three-year residency requirements
6 with regard to those segments of the industry that sell alcoholic
7 beverages to the ultimate consumer only. The legislature finds
8 that it is desirable to retain a one-year residency requirement for
9 businesses that sell to the consumer packaged liquor and fortified
10 wine capable of being used to supply legal or illegal bars and
11 clubs. The legislature also finds it reasonable, desirable, and in
12 the best interests of the state to provide a one-year residency
13 requirement for businesses engaged in the wholesale distribution of
14 ~~beer,~~ malt beverages ~~[liquor,~~ or wine or in the manufacture and
15 distribution of distilled spirits and fortified wines at both the
16 wholesale and the retail levels where those beverages, in unopened
17 containers, are sold to mixed beverage permittees and private club
18 registration permittees as well as to the general public. Adequate
19 protection is deemed to be provided by controlling those sources of
20 supply for distilled spirits and fortified wines.

21 (k) A requirement under this code that 51 percent or more of
22 the stock of a corporation be owned by a person or persons who were
23 citizens of this state for a one-year period preceding the date of
24 the filing of an application for a license or permit does not apply
25 to a corporation organized under the laws of this state that applies
26 for a license or permit under Chapters 25, 26, 28, 30, 32, 48, 50,
27 69, 71, and ~~[25-34, Chapter 44, Chapters 48-51, Chapters 69-72, or~~

1 ~~Chapter~~] 74 [~~of this code~~] if:

2 (1) all of the officers and a majority of directors of
3 the applicant corporation have resided within the state for a
4 one-year period preceding the date of the application and each
5 officer or director possesses the qualifications required of other
6 applicants for permits and licenses;

7 (2) the applicant corporation and the applicant's
8 shareholders have no direct or indirect ownership or other
9 prohibited relationship with others engaged in the alcoholic
10 beverage industry at different levels as provided by Chapter 102
11 [~~of this code~~] and other provisions of this code;

12 (3) the applicant corporation is not precluded by law,
13 rule, charter, or corporate bylaw from disclosing the applicant's
14 shareholders to the commission; and

15 (4) the applicant corporation maintains its books and
16 records relating to its alcoholic beverage operations in the state
17 at its registered office or at a location in the state approved in
18 writing by the commission.

19 SECTION 22. Effective December 31, 2020, Section 11.015,
20 Alcoholic Beverage Code, is amended to read as follows:

21 Sec. 11.015. HEARING LOCATION. Notwithstanding any other
22 provision of this code, [~~except for a hearing required to be~~
23 ~~conducted by a county judge,~~] a hearing related to the issuance,
24 renewal, cancellation, or suspension of a permit under this
25 subtitle may be conducted:

26 (1) in the county in which the premises is located;

27 (2) at the nearest permanent hearing office of the

1 State Office of Administrative Hearings; or

2 (3) at any location agreed to by the parties.

3 SECTION 23. Sections 11.09(a) and (b), Alcoholic Beverage
4 Code, are amended to read as follows:

5 (a) A permit issued under this code expires on the second
6 anniversary of the date it is issued, except as provided by
7 Subsections (d) and (e) or another provision of this code.
8 ~~[Notwithstanding Section 5.50(b), the commission shall double the~~
9 ~~amount of fees and surcharges otherwise applicable under this code~~
10 ~~for a permit with a two-year term.]~~

11 (b) A secondary permit which requires the holder of the
12 permit to first obtain another permit, including a retailer late
13 hours certificate ~~[permit or temporary permit]~~, expires on the same
14 date the basic or primary permit expires. The commission may not
15 prorate or refund any part of the fee for the secondary permit if
16 the application of this section results in the expiration of the
17 permit in less than two years.

18 SECTION 24. Section 11.13(a), Alcoholic Beverage Code, is
19 amended to read as follows:

20 (a) This section applies only to a license or permit held in
21 connection with an establishment located in a county with a
22 population of 1.4 million or more for which a license or permit has
23 been issued under Chapter 25 or 69 for the on-premises consumption
24 of malt beverages ~~[beer]~~ exclusively or malt beverages ~~[beer]~~ and
25 wine exclusively, other than a license or permit for an
26 establishment holding a food and beverage certificate whose primary
27 business being operated on the premises is food service.

1 SECTION 25. Effective September 1, 2019, Section 11.31,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 11.31. APPLICATION FOR PERMIT. All permits shall be
4 applied for and obtained from the commission. [~~This section does~~
5 ~~not apply to wine and beer retailer's permits, except those for~~
6 ~~railway cars or excursion boats, or to wine and beer retailer's~~
7 ~~off-premise permits.~~]

8 SECTION 26. Section 11.321(b), Alcoholic Beverage Code, is
9 amended to read as follows:

10 (b) In addition to any other applicable civil or criminal
11 penalty, the commission may impose an administrative penalty not to
12 exceed \$4,000 on a licensee or permittee who makes a false or
13 misleading statement in an original or renewal application, either
14 in the formal application itself or in any written instrument
15 relating to the application submitted to the commission or its
16 officers or employees, in connection with an establishment that is
17 licensed or permitted under Chapter 25 or 69 for the on-premises
18 consumption of malt beverages [~~beer~~] exclusively or malt beverages
19 [~~beer~~] and wine exclusively, other than an establishment holding a
20 food and beverage certificate whose primary business being operated
21 on the premises is food service.

22 SECTION 27. Section 11.34, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 11.34. CONSOLIDATED APPLICATION. (a) An applicant
25 for a wholesaler's, class B wholesaler's, distiller's and
26 rectifier's, [~~brewer's,~~] or winery permit may consolidate in a
27 single application the [~~his~~] application for that permit and an

1 [his] application for [+
2 ~~[(1) private storage,~~
3 ~~[(2) storage in a public bonded warehouse,~~
4 ~~[(3) a private carrier's permit, and~~
5 ~~[(4)]~~ any other permit the applicant [he] is qualified
6 to receive.

7 (b) An applicant who files a consolidated application must
8 pay the fee required by commission rule [~~prescribed in this code~~]
9 for each permit included in the application.

10 SECTION 28. Effective September 1, 2019, Sections 11.37(a),
11 (b), and (d), Alcoholic Beverage Code, are amended to read as
12 follows:

13 (a) Not later than the 30th day after the date a prospective
14 applicant for a permit issued by the commission requests
15 certification, the [The] county clerk of the county in which the
16 request [~~an application for a permit~~] is made shall certify whether
17 the location or address given in the request [~~application~~] is in a
18 wet area and whether the sale of alcoholic beverages for which the
19 permit is sought is prohibited by any valid order of the
20 commissioners court.

21 (b) Not later than the 30th day after the date a prospective
22 applicant for a permit issued by the commission requests
23 certification, the [The] city secretary or clerk of the city in
24 which the request [~~an application for a permit~~] is made shall
25 certify whether the location or address given in the request
26 [~~application~~] is in a wet area and whether the sale of alcoholic
27 beverages for which the permit is sought is prohibited by charter or

1 ordinance.

2 (d) Notwithstanding any other provision of this code, if the
3 county clerk, city secretary, or city clerk certifies that the
4 location or address given in the request [~~application~~] is not in a
5 wet area or refuses to issue the certification required by this
6 section, the prospective applicant is entitled to a hearing before
7 the county judge to contest the certification or refusal to
8 certify. The prospective applicant must submit a written request
9 to the county judge for a hearing under this subsection. The
10 county judge shall conduct a hearing required by this subsection
11 not later than the 30th day after the date the county judge receives
12 the written request.

13 SECTION 29. Sections 11.38(a) and (d), Alcoholic Beverage
14 Code, are amended to read as follows:

15 (a) The governing body of a city or town may levy and collect
16 a fee [~~not to exceed one-half the state fee~~] for each permit issued
17 for premises located within the city or town. The commissioners
18 court of a county may levy and collect a fee [~~equal to one-half of~~
19 ~~the state fee~~] for each permit issued for premises located within
20 the county. The fees authorized by this subsection may not exceed
21 one-half the statutory fee provided in this code as of August 31,
22 2021, for the permit issued. Those authorities may not levy or
23 collect any other fee or tax from the permittee except general ad
24 valorem taxes, the hotel occupancy tax levied under Chapter 351,
25 Tax Code, and the local sales and use tax levied under Chapter 321,
26 Tax Code.

27 (d) The following are exempt from the fee authorized in this

1 section:

2 (1) [~~agent's, airline beverage,~~] passenger
3 transportation [~~train beverage, passenger bus beverage,~~
4 ~~industrial~~], carrier [~~carrier's, private carrier's~~], private club
5 registration, and local cartage[, ~~storage, and temporary wine and~~
6 ~~beer retailer's~~] permits;

7 [~~(2) a wine and beer retailer's permit issued for a~~
8 ~~dining, buffet, or club car,~~] and

9 (2) [(3)] a mixed beverage permit during the
10 three-year period following the issuance of the permit.

11 SECTION 30. Effective December 31, 2020, Section 11.38(e),
12 Alcoholic Beverage Code, is amended to read as follows:

13 (e) The commission or administrator may cancel or the
14 commission may deny a permit for the retail sale or service of
15 alcoholic beverages, including a permit held by the holder of a food
16 and beverage certificate, if it finds that the permit holder or
17 applicant has not paid delinquent ad valorem taxes due on that
18 permitted premises or due from a business operated on that premises
19 to any taxing authority in the county of the premises. For purposes
20 of this subsection, a permit holder or applicant is presumed
21 delinquent in the payment of taxes due if the permit holder or
22 applicant:

23 (1) is placed on a delinquent tax roll prepared under
24 Section 33.03, Tax Code;

25 (2) has received a notice of delinquency under Section
26 33.04, Tax Code; and

27 (3) has not made a payment required under Section

1 42.08, Tax Code.

2 SECTION 31. Sections 11.39(a) and (d), Alcoholic Beverage
3 Code, are amended to read as follows:

4 (a) Every applicant for a [~~brewer's,~~] distiller's and
5 rectifier's, mixed beverage, private club registration, winery,
6 wholesaler's, class B wholesaler's, [~~wine bottler's,~~] or package
7 store permit shall give notice of the application by publication at
8 the applicant's [~~his~~] own expense in two consecutive issues of a
9 newspaper of general circulation published in the city or town in
10 which the applicant's [~~his~~] place of business is located. If no
11 newspaper is published in the city or town, the notice shall be
12 published in a newspaper of general circulation published in the
13 county where the applicant's business is located. If no newspaper
14 is published in the county, the notice shall be published in a
15 qualified newspaper published in the closest neighboring county and
16 circulated in the county of the applicant's residence.

17 (d) This section does not apply to:

18 (1) an applicant for a nonprofit entity [~~daily~~]
19 temporary event [~~mixed beverage~~] permit; or

20 (2) commission authorization required to sell
21 alcoholic beverages under Section 28.19 [~~or a caterer's permit~~].

22 SECTION 32. Section 11.391(c), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (c) This section does not apply to an applicant for a permit
25 issued under Chapter 16, 19, 20, [~~21,~~] 22, 23, or 24 [~~or 52~~].

26 SECTION 33. Section 11.392(a), Alcoholic Beverage Code, is
27 amended to read as follows:

1 (a) The commission shall give notice of an application for a
2 permit or renewal of a permit issued under Chapter 32, an
3 application for a permit issued under Section 30.09, or an
4 application for a certificate or renewal of a certificate issued to
5 the holder of a private club registration permit under Chapter 29
6 [~~or 33~~] to:

7 (1) the state senator and the state representative who
8 represent the district in which the premises are located;

9 (2) the municipal governing body, if the premises are
10 located in an incorporated area, and the commissioners court of the
11 county in which the premises are located; and

12 (3) the chief of police of the municipality, if the
13 premises are located in an incorporated area, and the sheriff of the
14 county in which the premises are located.

15 SECTION 34. (a) Effective December 31, 2020, Subchapter B,
16 Chapter 11, Alcoholic Beverage Code, is amended by amending Section
17 11.43 and adding Sections 11.431 and 11.432 to read as follows:

18 Sec. 11.43. APPLICATION REVIEW PROCESS [~~DISCRETION TO GRANT~~
19 ~~OR REFUSE PERMIT~~]. (a) The commission has [~~and administrator have~~]
20 discretionary authority [~~to grant or refuse~~] to issue an original
21 or renewal permit or deny an application for an original or renewal
22 permit under the provisions of this subchapter or any other
23 applicable provision of this code.

24 (b) On receipt of an application for a permit under this
25 code, the administrator shall evaluate the application. If a
26 protest against the application has been filed, the administrator
27 shall first evaluate the protest.

1 (c) If the administrator determines that no reasonable
2 grounds exist for the protest, or if no protest has been filed, the
3 administrator shall evaluate the permit application.

4 (d) If after evaluating the permit application under
5 Subsection (c) the administrator finds that all facts stated in the
6 application are true and no legal ground to deny the application
7 exists, the administrator shall issue a permit if the commission
8 has delegated authority to issue permits to the administrator. If
9 the commission has not delegated authority to issue permits to the
10 administrator, the administrator shall recommend to the commission
11 that the application be approved and the commission may issue the
12 permit. If the commission does not issue the permit, the
13 administrator shall refer the application for a hearing as provided
14 by Subsection (h).

15 (e) If after the evaluation of a permit application the
16 administrator finds a legal ground to deny the permit application,
17 the administrator shall recommend to the commission that the
18 application be denied. If the administrator recommends denial of
19 the application, the applicant may request a hearing as provided by
20 Subsection (h).

21 (f) If the administrator finds that reasonable grounds
22 exist for the protest, the administrator shall evaluate the
23 application in light of the protest. If, but for the protest, the
24 administrator would approve the application, the administrator
25 shall refer the protested application for a hearing. In a hearing
26 on a protested application, the State Office of Administrative
27 Hearings may request any information from the commission the office

1 determines relevant.

2 (g) If after evaluating the application with the protest the
3 administrator finds a legal ground to deny the permit application,
4 the administrator shall recommend to the commission that the
5 application be denied. If the administrator recommends denial of
6 the application, the applicant may request a hearing as provided by
7 Subsection (h).

8 (h) A hearing under this section shall be conducted by the
9 State Office of Administrative Hearings in a location authorized by
10 Section 11.015. Chapter 2001, Government Code, applies to a
11 hearing under this section. After a hearing the administrative law
12 judge shall make findings of fact and conclusions of law and
13 promptly issue to the commission a proposal for a decision on the
14 application. Based on the findings of fact, conclusions of law, and
15 proposal for a decision, the commission shall issue a final
16 decision denying the application or issuing the permit.

17 (i) If the commission denies a permit application, the
18 applicant may, after exhausting all administrative remedies,
19 appeal the commission's decision to a Travis County district court.

20 (j) The commission shall adopt rules to implement the
21 application review and protest process including reasonable
22 timelines, identifying the roles and responsibilities of all
23 parties involved in the process and identifying potential avenues
24 for mediation or informal dispute resolution.

25 Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
26 of the public may protest an application for:

27 (1) [~~Notwithstanding any other provision of this code~~

1 ~~that authorizes the commission or administrator to refuse to issue~~
2 ~~a permit without a hearing, the commission or administrator shall~~
3 ~~hold a hearing before granting or refusing to issue]~~ an original
4 mixed beverage permit, private club registration permit, or wine
5 and beer retailer's permit [~~, or retail dealer's on-premise license]~~
6 if a sexually oriented business is to be operated on the premises to
7 be covered by the permit;

8 (2) ~~[or license.~~

9 [~~(c) A hearing shall be held on]~~ any renewal [~~application]~~
10 of a mixed beverage permit, private club registration permit, or
11 wine and beer retailer's permit [~~, or retail dealer's on-premise~~
12 ~~license]~~ if a sexually oriented business is to be operated on the
13 premises to be covered by the permit [~~or license]~~ and a petition is
14 presented to the commission requesting a hearing which is signed by
15 50 percent of the residents who reside within 300 feet of any
16 property line of the affected premises;

17 (3) a private club registration permit or a permit
18 authorizing the retail sale of alcoholic beverages for on-premises
19 consumption if the person resides within 300 feet of any property
20 line of the premises for which the permit is sought; and

21 (4) a mixed beverage permit or a wine and beer
22 retailer's permit in a municipality with a population of 1,500,000
23 or more if:

24 (A) any point of the property line of the premise
25 is less than 300 feet from the nearest point on a property line of a
26 residence, church, school, hospital, day-care facility, or social
27 service facility, as measured in a straight line; and

1 (B) 75 percent or more of the permittee's actual
2 or anticipated gross revenue is from the sale of alcoholic
3 beverages.

4 (b) In addition to the situations described by Subsection
5 (a), the commission by rule may authorize a member of the public to
6 protest other permit applications the commission considers
7 appropriate.

8 (c) [~~d~~] A protest made under this section [~~request for a~~
9 hearing made under Subsection (b) or (c) of this section] must
10 include an allegation of grounds on which the original or renewal
11 application, as applicable, should be denied.

12 Sec. 11.432. PROTEST BY GOVERNMENT OFFICIAL. (a) The
13 following persons may protest an application for an alcoholic
14 beverage permit:

15 (1) a state senator, state representative, county
16 commissioner, or city council member who represents the area in
17 which the premises sought to be permitted are located;

18 (2) the commissioners court of the county in which the
19 premises sought to be permitted are located;

20 (3) the county judge of the county in which the
21 premises sought to be permitted are located;

22 (4) the sheriff or county or district attorney of the
23 county in which the premises sought to be permitted are located;

24 (5) the mayor of the city or town in which the premises
25 sought to be permitted are located; and

26 (6) the chief of police, city marshal, or city
27 attorney of the city or town in which the premises sought to be

1 permitted are located.

2 (b) The commission may give due consideration to the
3 recommendations of a person listed under Subsection (a) when
4 evaluating an application for a permit under this code.

5 (b) Effective September 1, 2021, Subchapter B, Chapter 11,
6 Alcoholic Beverage Code, is amended by amending Section 11.43 and
7 adding Section 11.431 to read as follows:

8 Sec. 11.43. APPLICATION REVIEW PROCESS [~~DISCRETION TO GRANT~~
9 ~~OR REFUSE PERMIT~~]. (a) The commission has [~~and administrator have~~]
10 discretionary authority [~~to grant or refuse~~] to issue an original
11 or renewal permit or deny an application for an original or renewal
12 permit under the provisions of this subchapter or any other
13 applicable provision of this code.

14 (b) On receipt of an application for a permit under this
15 code, the administrator shall evaluate the application. If a
16 protest against the application has been filed, the administrator
17 shall first evaluate the protest.

18 (c) If the administrator determines that no reasonable
19 grounds exist for the protest, or if no protest has been filed, the
20 administrator shall evaluate the permit application.

21 (d) If after evaluating the permit application under
22 Subsection (c) the administrator finds that all facts stated in the
23 application are true and no legal ground to deny the application
24 exists, the administrator shall issue a permit if the commission
25 has delegated authority to issue permits to the administrator. If
26 the commission has not delegated authority to issue permits to the
27 administrator, the administrator shall recommend to the commission

1 that the application be approved and the commission may issue the
2 permit. If the commission does not issue the permit, the
3 administrator shall refer the application for a hearing as provided
4 by Subsection (h).

5 (e) If after the evaluation of a permit application the
6 administrator finds a legal ground to deny the permit application,
7 the administrator shall recommend to the commission that the
8 application be denied. If the administrator recommends denial of
9 the application, the applicant may request a hearing as provided by
10 Subsection (h).

11 (f) If the administrator finds that reasonable grounds
12 exist for the protest, the administrator shall evaluate the
13 application in light of the protest. If, but for the protest, the
14 administrator would approve the application, the administrator
15 shall refer the protested application for a hearing. In a hearing
16 on a protested application, the State Office of Administrative
17 Hearings may request any information from the commission the office
18 determines relevant.

19 (g) If after evaluating the application with the protest the
20 administrator finds a legal ground to deny the permit application,
21 the administrator shall recommend to the commission that the
22 application be denied. If the administrator recommends denial of
23 the application, the applicant may request a hearing as provided by
24 Subsection (h).

25 (h) A hearing under this section shall be conducted by the
26 State Office of Administrative Hearings in a location authorized by
27 Section 11.015. Chapter 2001, Government Code, applies to a

1 hearing under this section. After a hearing the administrative law
2 judge shall make findings of fact and conclusions of law and
3 promptly issue to the commission a proposal for a decision on the
4 application. Based on the findings of fact, conclusions of law, and
5 proposal for a decision, the commission shall issue a final
6 decision denying the application or issuing the permit.

7 (i) If the commission denies a permit application, the
8 applicant may, after exhausting all administrative remedies,
9 appeal the commission's decision to a Travis County district court.

10 (j) The commission shall adopt rules to implement the
11 application review and protest process including reasonable
12 timelines, identifying the roles and responsibilities of all
13 parties involved in the process and identifying potential avenues
14 for mediation or informal dispute resolution.

15 Sec. 11.431. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
16 of the public may protest an application for:

17 (1) [~~Notwithstanding any other provision of this code~~
18 ~~that authorizes the commission or administrator to refuse to issue~~
19 ~~a permit without a hearing, the commission or administrator shall~~
20 ~~hold a hearing before granting or refusing to issue]~~ an original
21 mixed beverage permit, private club registration permit, or wine
22 and malt beverage [~~beer~~] retailer's permit[, ~~or retail dealer's~~
23 ~~on-premise license]~~ if a sexually oriented business is to be
24 operated on the premises to be covered by the permit;

25 (2) [~~or license.~~

26 [~~(c) A hearing shall be held on]~~ any renewal [~~application]~~
27 of a mixed beverage permit, private club registration permit, or

1 wine and malt beverage [~~beer~~] retailer's permit [~~, or retail~~
2 ~~dealer's on-premise license~~] if a sexually oriented business is to
3 be operated on the premises to be covered by the permit [~~or license~~]
4 and a petition is presented to the commission requesting a hearing
5 which is signed by 50 percent of the residents who reside within 300
6 feet of any property line of the affected premises;

7 (3) a private club registration permit or a permit
8 authorizing the retail sale of alcoholic beverages for on-premises
9 consumption if the person resides within 300 feet of any property
10 line of the premises for which the permit is sought; and

11 (4) a mixed beverage permit or a wine and malt beverage
12 retailer's permit in a municipality with a population of 1,500,000
13 or more if:

14 (A) any point of the property line of the premise
15 is less than 300 feet from the nearest point on a property line of a
16 residence, church, school, hospital, day-care facility, or social
17 service facility, as measured in a straight line; and

18 (B) 75 percent or more of the permittee's actual
19 or anticipated gross revenue is from the sale of alcoholic
20 beverages.

21 (b) In addition to the situations described by Subsection
22 (a), the commission by rule may authorize a member of the public to
23 protest other permit applications the commission considers
24 appropriate.

25 (c) [~~d~~] A protest made under this section [~~request for a~~
26 hearing made under Subsection (b) or (c) of this section] must
27 include an allegation of grounds on which the original or renewal

1 application, as applicable, should be denied.

2 SECTION 35. Effective December 31, 2020, Section 11.44(b),
3 Alcoholic Beverage Code, is amended to read as follows:

4 (b) The commission [~~or administrator~~] shall deny an
5 application [~~refuse to issue~~] for [~~a period of three years~~] a permit
6 or license for any location of [~~to~~] an applicant who submitted a
7 prior application that expired or was voluntarily surrendered
8 before the hearing on the application was held on a protest
9 involving allegations of prostitution, a shooting, stabbing, or
10 other violent act, or an offense involving drugs or trafficking of
11 persons before the third anniversary of [~~. The three-year period~~
12 ~~commences on~~] the date the prior application expired or was
13 voluntarily surrendered.

14 SECTION 36. (a) Effective September 1, 2019, Section
15 11.46(a), Alcoholic Beverage Code, is amended to read as follows:

16 (a) The commission or administrator may refuse to issue an
17 original or renewal permit with or without a hearing if it has
18 reasonable grounds to believe and finds that any of the following
19 circumstances exists:

20 (1) the applicant has been convicted in a court of
21 competent jurisdiction of the violation of any provision of this
22 code during the two years immediately preceding the filing of the
23 [~~his~~] application;

24 (2) five years have not elapsed since the termination,
25 by pardon or otherwise, of a sentence imposed on the applicant for
26 the conviction of a felony;

27 (3) within the six-month period immediately preceding

1 the [~~his~~] application the applicant violated or caused to be
2 violated a provision of this code or a rule or regulation of the
3 commission which involves moral turpitude, as distinguished from a
4 technical violation of this code or of the rule;

5 (4) the applicant failed to answer or falsely or
6 incorrectly answered a question in an original or renewal
7 application;

8 (5) the applicant is indebted to the state for any
9 taxes, fees, or payment of penalty imposed by this code or by rule
10 of the commission;

11 (6) the applicant is not of good moral character or the
12 applicant's [~~his~~] reputation for being a peaceable, law-abiding
13 citizen in the community where the applicant [~~he~~] resides is bad;

14 (7) the applicant is a minor;

15 (8) the place or manner in which the applicant may
16 conduct the applicant's [~~his~~] business warrants the denial
17 [~~refusal~~] of the application for a permit based on the general
18 welfare, health, peace, morals, and safety of the people and on the
19 public sense of decency;

20 (9) the applicant has developed an incapacity that
21 prevents or could prevent the applicant from conducting the
22 applicant's business with reasonable skill, competence, and safety
23 to the public [~~is in the habit of using alcoholic beverages to~~
24 ~~excess or is physically or mentally incapacitated~~];

25 (10) the applicant will sell liquor unlawfully in a
26 dry area or in a manner contrary to law or will knowingly permit an
27 agent, servant, or employee to do so;

1 (11) the applicant is not a United States citizen or
2 has not been a citizen of Texas for a period of one year immediately
3 preceding the filing of the applicant's [~~his~~] application, unless
4 the applicant [~~he~~] was issued a permit or renewal permit on or
5 before September 1, 1948, and has at some time been a United States
6 citizen;

7 (12) the applicant does not provide an adequate
8 building available at the address for which the permit is sought
9 before conducting any activity authorized by the permit;

10 (13) the applicant is residentially domiciled with a
11 person whose permit or license has been cancelled for cause within
12 the 12 months immediately preceding the date of the applicant's
13 [~~his~~] present application;

14 (14) the applicant has failed or refused to furnish a
15 true copy of the applicant's [~~his~~] application to the commission's
16 district office in the district in which the premises for which the
17 permit is sought are located; or

18 (15) during the six months immediately preceding the
19 filing of the application the premises for which the permit is
20 sought have been operated, used, or frequented for a purpose or in a
21 manner that is lewd, immoral, or offensive to public decency.

22 (b) Effective December 31, 2020, Section 11.46, Alcoholic
23 Beverage Code, is amended to read as follows:

24 Sec. 11.46. GENERAL GROUNDS FOR DENIAL [~~REFUSAL~~]. (a) The
25 commission [~~or administrator~~] may deny an application for [~~refuse~~
26 ~~to issue~~] an original or renewal permit [~~with or without a hearing~~]
27 if it has reasonable grounds to believe and finds that any of the

1 following circumstances exists:

2 (1) the applicant has been convicted in a court of
3 competent jurisdiction of the violation of any provision of this
4 code during the two years immediately preceding the filing of the
5 ~~[his]~~ application;

6 (2) five years have not elapsed since the termination,
7 by pardon or otherwise, of a sentence imposed on the applicant for
8 the conviction of a felony;

9 (3) within the six-month period immediately preceding
10 the ~~[his]~~ application the applicant violated or caused to be
11 violated a provision of this code or a rule or regulation of the
12 commission which involves moral turpitude, as distinguished from a
13 technical violation of this code or of the rule;

14 (4) the applicant failed to answer or falsely or
15 incorrectly answered a question in an original or renewal
16 application;

17 (5) the applicant is indebted to the state for any
18 taxes, fees, or payment of penalty imposed by this code or by rule
19 of the commission;

20 (6) the applicant is not of good moral character or the
21 applicant's ~~[his]~~ reputation for being a peaceable, law-abiding
22 citizen in the community where the applicant ~~[he]~~ resides is bad;

23 (7) the applicant is a minor;

24 (8) the place or manner in which the applicant may
25 conduct the applicant's ~~[his]~~ business warrants the denial
26 ~~[refusal]~~ of the application for a permit based on the general
27 welfare, health, peace, morals, and safety of the people and on the

1 public sense of decency;

2 (9) the applicant has developed an incapacity that
3 prevents or could prevent the applicant from conducting the
4 applicant's business with reasonable skill, competence, and safety
5 to the public [~~is in the habit of using alcoholic beverages to~~
6 ~~excess or is physically or mentally incapacitated~~];

7 (10) the applicant will sell liquor unlawfully in a
8 dry area or in a manner contrary to law or will knowingly permit an
9 agent, servant, or employee to do so;

10 (11) the applicant is not a United States citizen or
11 has not been a citizen of Texas for a period of one year immediately
12 preceding the filing of the applicant's [~~his~~] application, unless
13 the applicant [~~he~~] was issued a permit or renewal permit on or
14 before September 1, 1948, and has at some time been a United States
15 citizen;

16 (12) the applicant does not provide an adequate
17 building available at the address for which the permit is sought
18 before conducting any activity authorized by the permit;

19 (13) the applicant is residentially domiciled with a
20 person whose permit or license has been cancelled for cause within
21 the 12 months immediately preceding the date of the applicant's
22 [~~his~~] present application;

23 (14) the applicant has failed or refused to furnish a
24 true copy of the applicant's [~~his~~] application to the commission's
25 district office in the district in which the premises for which the
26 permit is sought are located; or

27 (15) during the six months immediately preceding the

1 filing of the application the premises for which the permit is
2 sought have been operated, used, or frequented for a purpose or in a
3 manner that is lewd, immoral, or offensive to public decency.

4 (b) The commission [~~or administrator~~] shall deny an
5 application for [~~refuse to issue~~] an original permit authorizing
6 the retail sale of alcoholic beverages unless the applicant for the
7 permit files with the application a certificate issued by the
8 comptroller of public accounts stating that the applicant holds, or
9 has applied for and satisfies all legal requirements for the
10 issuance of, a sales tax permit, if required, for the place of
11 business for which the alcoholic beverage permit is sought.

12 (c) The commission [~~or administrator~~] shall deny [~~refuse to~~
13 ~~issue~~] for a period of one year after cancellation an application
14 for a mixed beverage permit or private club registration permit for
15 a premises where a license or permit has been canceled during the
16 preceding 12 months as a result of a shooting, stabbing, or other
17 violent act, or as a result of an offense involving drugs,
18 prostitution, or trafficking of persons.

19 (d) The commission [~~or administrator~~] shall deny an
20 application for [~~refuse to issue~~] an original permit of [~~to~~] a
21 person convicted of an offense under Section 101.76 for a period of
22 five years from the date of the conviction.

23 SECTION 37. (a) Effective December 31, 2020, Section
24 11.47, Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 11.47. DENIAL [~~REFUSAL~~] OF PERMIT: INTEREST IN BEER
26 ESTABLISHMENT. The commission [~~or administrator~~] may deny an
27 application for [~~refuse to issue~~] an original or renewal permit

1 ~~[with or without a hearing]~~ if it has reasonable grounds to believe
2 and finds that the applicant or a person with whom the applicant
3 ~~[he]~~ is residentially domiciled has a financial interest in a
4 permit or license authorizing the sale of beer at retail, except as
5 is authorized by Section 22.06, 24.05, or 102.05 ~~[of this code]~~.
6 This section does not apply to an applicant for a permit which
7 authorizes the sale of mixed beverages.

8 (b) Effective September 1, 2021, Section 11.47, Alcoholic
9 Beverage Code, is amended to read as follows:

10 Sec. 11.47. DENIAL ~~[REFUSAL]~~ OF PERMIT: INTEREST IN MALT
11 BEVERAGE ~~[BEER]~~ ESTABLISHMENT. The commission ~~[or administrator]~~
12 may deny an application for ~~[refuse to issue]~~ an original or renewal
13 permit ~~[with or without a hearing]~~ if it has reasonable grounds to
14 believe and finds that the applicant or a person with whom the
15 applicant ~~[he]~~ is residentially domiciled has a financial interest
16 in a permit or license authorizing the sale of malt beverages ~~[beer]~~
17 at retail, except as is authorized by Section 22.06, 24.05, or
18 102.05 ~~[of this code]~~. This section does not apply to an applicant
19 for a permit which authorizes the sale of mixed beverages.

20 SECTION 38. Effective December 31, 2020, Section 11.48,
21 Alcoholic Beverage Code, is amended to read as follows:

22 Sec. 11.48. DENIAL ~~[REFUSAL]~~ OF PACKAGE STORE OR MIXED
23 BEVERAGE PERMIT. (a) The commission ~~[or administrator]~~ may deny an
24 application for ~~[refuse to issue]~~ an original or renewal mixed
25 beverage permit ~~[with or without a hearing]~~ if it has reasonable
26 grounds to believe and finds that the applicant, directly or
27 indirectly, or through a subsidiary, affiliate, agent, or employee,

1 or through an officer, director, or firm member, owns an interest of
2 any kind in the premises, business, or permit of a package store.

3 (b) The commission [~~or administrator~~] may deny an
4 application for [~~refuse to issue~~] an original or renewal package
5 store permit [~~with or without a hearing~~] if it has reasonable
6 grounds to believe and finds that the applicant, directly or
7 indirectly, through a subsidiary, affiliate, agent, or employee, or
8 through an officer, director, or firm member, owns an interest of
9 any kind in the premises, business, or permit of a mixed beverage
10 establishment.

11 (c) This section does not apply to anything permitted by
12 Section 102.05 [~~of this code~~].

13 SECTION 39. Effective December 31, 2020, Section 11.481(b),
14 Alcoholic Beverage Code, is amended to read as follows:

15 (b) The commission [~~or administrator~~] shall deny an
16 application for [~~refuse to issue~~] an original or renewal permit
17 authorizing on-premises consumption of alcoholic beverages [~~, with~~
18 ~~or without a hearing,~~] if the commission [~~or administrator~~] has
19 reasonable grounds to believe and finds that, during the three
20 years preceding the date the permit application was filed, a
21 license or permit previously held under this code by the applicant,
22 a person who owns the premises for which the permit is sought, or an
23 officer of a person who owns the premises for which the permit is
24 sought was canceled or not renewed as a result of a shooting,
25 stabbing, or other violent act.

26 SECTION 40. Section 11.481(c), Alcoholic Beverage Code, is
27 amended to read as follows:

1 (c) This section does not apply to the issuance of an
2 original or renewal permit authorizing on-premises consumption for
3 a location that also holds a food and beverage certificate but does
4 not hold a retailer late hours certificate [~~permit~~].

5 SECTION 41. (a) Effective December 31, 2020, Section
6 11.49, Alcoholic Beverage Code, is amended by amending Subsection
7 (b) and adding Subsection (b-1) to read as follows:

8 (b)[~~(1)~~] Subject to the approval of the commission [~~or the~~
9 ~~administrator,~~] and except as provided in Subsection (c) [~~of this~~
10 ~~section~~], an applicant for a permit or license may designate a
11 portion of the grounds, buildings, vehicles, and appurtenances to
12 be excluded from the licensed premises.

13 (b-1) [~~(2)~~] If [~~such~~] a designation under Subsection (b)
14 has been made and approved as to the holder of a license or permit
15 authorizing the sale of alcoholic beverages at retail or as to a
16 private club registration permit, the sharing of space, employees,
17 business facilities, and services with another business entity
18 (including the permittee's lessor, which, if a corporation, may be
19 a domestic or foreign corporation, but excluding a business entity
20 holding any type of winery permit, a manufacturer's license, or a
21 general[~~, local,~~] or branch distributor's license), does not
22 constitute a subterfuge or surrender of exclusive control in
23 violation of Section 109.53 or the use or display of the license for
24 the benefit of another in violation of Section 61.71(a)(14). This
25 subsection and Subsection (b) do [~~shall~~] not apply to original or
26 renewal package store permits, wine only package store permits,
27 local distributor's permits, or any type of wholesaler's permit

1 ~~[permits]~~.

2 (b) Effective September 1, 2021, Section 11.49, Alcoholic
3 Beverage Code, is amended by amending Subsection (b) and adding
4 Subsection (b-1) to read as follows:

5 (b)~~[(1)]~~ Subject to the approval of the commission ~~[or the~~
6 ~~administrator]~~, and except as provided in Subsection (c) ~~[of this~~
7 ~~section]~~, an applicant for a permit or license may designate a
8 portion of the grounds, buildings, vehicles, and appurtenances to
9 be excluded from the licensed premises.

10 (b-1) ~~[(2)]~~ If ~~[such]~~ a designation under Subsection (b)
11 has been made and approved as to the holder of a license or permit
12 authorizing the sale of alcoholic beverages at retail or as to a
13 private club registration permit, the sharing of space, employees,
14 business facilities, and services with another business entity
15 (including the permittee's lessor, which, if a corporation, may be
16 a domestic or foreign corporation, but excluding a business entity
17 holding any type of winery permit, a brewer's ~~[manufacturer's]~~
18 license, or a general~~[, local,]~~ or branch distributor's license),
19 does not constitute a subterfuge or surrender of exclusive control
20 in violation of Section 109.53 or the use or display of the license
21 for the benefit of another in violation of Section 61.71(a)(14).
22 This subsection and Subsection (b) do ~~[shall]~~ not apply to original
23 or renewal package store permits, wine only package store permits,
24 local distributor's permits, or any type of wholesaler's permit
25 ~~[permits]~~.

26 SECTION 42. Effective September 1, 2021, Sections 11.49(d)
27 and (e), Alcoholic Beverage Code, are amended to read as follows:

1 (d) Any package store, wine only package store,
2 wholesaler's, or local distributor's permittee who is injured in
3 the permittee's [~~his~~] business or property by another person (other
4 than a person in the person's [~~his~~] capacity as the holder of a wine
5 and malt beverage [~~beer~~] retailer's permit, wine and malt beverage
6 [~~beer~~] retailer's off-premise permit, private club registration
7 permit, or mixed beverage permit or any person in the capacity of
8 lessor of the holder of such a permit) by reason of anything
9 prohibited in this section or Section 109.53 [~~of this code~~] is
10 entitled to the same remedies available to a package store
11 permittee under Section 109.53 [~~of this code~~]. Except for actions
12 brought against a person in the person's [~~his~~] capacity as the
13 holder of or as the lessor of the holder of a wine and malt beverage
14 [~~beer~~] retailer's permit, wine and malt beverage [~~beer~~] retailer's
15 off-premise permit, mixed beverage permit, or private club
16 registration permit, the statute of limitations for any action
17 brought under this section or Section 109.53 [~~of this code~~] for any
18 cause of action arising after the effective date of this Act is four
19 years unless a false affidavit has been filed with the commission in
20 which event the statute of limitations is 10 years for all purposes.

21 (e) When a designation under Subsection (b) [~~of this~~
22 ~~section~~] is made by a wine and malt beverage [~~beer~~] retailer or a
23 malt beverage [~~beer~~] retailer, selling primarily for off-premise
24 consumption, or by a wine and malt beverage [~~beer~~] retailer's
25 off-premise permittee, no more than 20 percent of the retail floor
26 and display space of the entire premises may be included in the
27 licensed premises, and all the retail floor and display space in the

1 licensed premises must be compact and contiguous and may not be
2 gerrymandered. However, the retail floor and display space
3 included in the licensed premises may be in two separate locations
4 within the retail premises if the total retail floor and display
5 space included in the licensed premises does not exceed 20 percent
6 of the floor and display space of the entire premises and each of
7 the two portions of floor and display space included in the licensed
8 premises is itself compact and contiguous and not gerrymandered.
9 In addition to the one or two separate locations of retail floor and
10 display space on the premises, the licensed premises may include
11 the cash register and check-out portions of the premises provided
12 that (1) no alcoholic beverages are displayed in the check-out or
13 cash register portion of the premises, and (2) the area of the
14 check-out and cash register portions of the premises are counted
15 towards the total of 20 percent of the retail floor and display
16 space that may be dedicated to the sale and display of wine and malt
17 beverages [~~beer~~]. A storage area that is not accessible or visible
18 to the public may be included in the licensed premises but shall not
19 be considered retail floor and display space for purposes of this
20 section. The commission or administrator shall adopt rules to
21 implement this subsection and to prevent gerrymandering.

22 SECTION 43. Sections 11.492(a) and (b), Alcoholic Beverage
23 Code, are amended to read as follows:

24 (a) A holder of a wine and malt beverage [~~beer~~] retailer's
25 permit may change the permit to a wine and malt beverage [~~beer~~]
26 retailer's off-premise permit, and a holder of a retail dealer's
27 on-premise license may change the license to a retail dealer's

1 off-premise license, in the manner provided by this section.

2 (b) Any time before the expiration of a wine and malt
3 beverage [~~beer~~] retailer's permit or a retail dealer's on-premise
4 license the permittee or licensee may file an application for a
5 change of permit or license under Subsection (a) [~~of this section~~].
6 The applicant must make the application on a form provided by the
7 commission and the application must be accompanied by the
8 appropriate fee for the permit or license sought.

9 SECTION 44. (a) Effective December 31, 2020, Section
10 11.52, Alcoholic Beverage Code, is amended to read as follows:

11 Sec. 11.52. RESTRICTIONS ON LOCATION IN CERTAIN
12 MUNICIPALITIES. (a) In a municipality with a population of
13 1,500,000 or more, an applicant for an original or renewal [~~on the~~
14 ~~assertion by any person of any justiciable grounds for a~~
15 ~~suspension, denial, cancellation, or refusal of a~~] mixed beverage
16 permit or [a] wine and beer retailer's permit[, ~~the commission or~~
17 ~~county judge, as applicable,~~] shall provide the notice required by
18 Subsection (b) [~~hold a hearing~~] if:

19 (1) any point of the property line of the premise is
20 less than 300 feet from the nearest point on a property line of a
21 residence, church, school, hospital, day-care facility, or social
22 service facility, as measured in a straight line; and

23 (2) 75 percent or more of the permittee's [~~or~~
24 ~~licensee's~~] actual or anticipated gross revenue is from the sale of
25 alcoholic beverages.

26 (b) An applicant for an original or renewal permit shall
27 give notice to all tenants or property owners affected in the area

1 described by Subsection (a) [~~of this section~~] that an application
2 has been made within five days after the application is first filed
3 for an original application and at least 30 days prior to the
4 expiration date of a permit in the case of a renewal application.

5 (b) Effective September 1, 2021, Section 11.52(a),
6 Alcoholic Beverage Code, is amended to read as follows:

7 (a) In a municipality with a population of 1,500,000 or
8 more, an applicant for an original or renewal [~~on the assertion by~~
9 ~~any person of any justiciable grounds for a suspension, denial,~~
10 ~~cancellation, or refusal of a~~] mixed beverage permit or [a] wine and
11 malt beverage [~~beer~~] retailer's permit[, ~~the commission or county~~
12 ~~judge, as applicable,~~] shall provide the notice required by
13 Subsection (b) [~~hold a hearing~~] if:

14 (1) any point of the property line of the premise is
15 less than 300 feet from the nearest point on a property line of a
16 residence, church, school, hospital, day-care facility, or social
17 service facility, as measured in a straight line; and

18 (2) 75 percent or more of the permittee's [~~or~~
19 ~~licensee's~~] actual or anticipated gross revenue is from the sale of
20 alcoholic beverages.

21 SECTION 45. (a) Effective September 1, 2019, Section
22 11.61(b), Alcoholic Beverage Code, is amended to read as follows:

23 (b) The commission or administrator may suspend for not more
24 than 60 days or cancel an original or renewal permit if it is found,
25 after notice and hearing, that any of the following is true:

26 (1) the permittee has been finally convicted of a
27 violation of this code;

1 (2) the permittee violated a provision of this code or
2 a rule of the commission;

3 (3) the permittee was finally convicted of a felony
4 while holding an original or renewal permit;

5 (4) the permittee made a false or misleading statement
6 in connection with the permittee's [~~his~~] original or renewal
7 application, either in the formal application itself or in any
8 other written instrument relating to the application submitted to
9 the commission, its officers, or employees;

10 (5) the permittee is indebted to the state for taxes,
11 fees, or payment of penalties imposed by this code, by a rule of the
12 commission, or by Chapter 183, Tax Code;

13 (6) the permittee is not of good moral character or the
14 permittee's [~~his~~] reputation for being a peaceable and law-abiding
15 citizen in the community where the permittee [~~he~~] resides is bad;

16 (7) the place or manner in which the permittee
17 conducts the permittee's [~~his~~] business warrants the cancellation
18 or suspension of the permit based on the general welfare, health,
19 peace, morals, and safety of the people and on the public sense of
20 decency;

21 (8) the permittee is not maintaining an acceptable
22 bond;

23 (9) the permittee maintains a noisy, lewd, disorderly,
24 or unsanitary establishment or has supplied impure or otherwise
25 deleterious beverages;

26 (10) the permittee is insolvent or has developed an
27 incapacity that prevents or could prevent the permittee from

1 carrying on the management of the permittee's establishment with
2 reasonable skill, competence, and safety to the public [~~mentally~~
3 ~~or physically unable to carry on the management of his~~
4 ~~establishment~~];

5 (11) the permittee is in the habit of using alcoholic
6 beverages to excess;

7 (12) the permittee knowingly misrepresented to a
8 customer or the public any liquor sold by the permittee [~~him~~];

9 (13) the permittee was intoxicated on the licensed
10 premises;

11 (14) the permittee sold or delivered an alcoholic
12 beverage to an intoxicated person;

13 (15) the permittee possessed on the licensed premises
14 an alcoholic beverage that the permittee [~~he~~] was not authorized
15 under the [~~by his~~] permit to purchase and sell;

16 (16) a package store or wine only package store
17 permittee transported or shipped liquor, or caused it to be
18 transported or shipped, into a dry state or a dry area within this
19 state;

20 (17) the permittee is residentially domiciled with a
21 person who has a financial interest in an establishment engaged in
22 the business of selling beer at retail, other than a mixed beverage
23 establishment, except as authorized by Section 22.06, 24.05, or
24 102.05 [~~of this code~~];

25 (18) the permittee is residentially domiciled with a
26 person whose permit or license was cancelled for cause within the
27 12-month period preceding the permittee's [~~his~~] own application;

1 (19) the permittee is not a citizen of the United
2 States or has not been a citizen of Texas for a period of one year
3 immediately preceding the filing of the permittee's [~~his~~]
4 application, unless the permittee [~~he~~] was issued an original or
5 renewal permit on or before September 1, 1948, and has been a United
6 States citizen at some time;

7 (20) the permittee permitted a person to open a
8 container of alcoholic beverage or possess an open container of
9 alcoholic beverage on the licensed premises unless a mixed beverage
10 permit has been issued for the premises;

11 (21) the permittee failed to promptly report to the
12 commission a breach of the peace occurring on the permittee's
13 licensed premises;

14 (22) the permittee consumed an alcoholic beverage or
15 permitted one to be consumed on the licensed premises at a time when
16 the consumption of alcoholic beverages is prohibited by this code;
17 or

18 (23) the permittee sold, served, or delivered an
19 alcoholic beverage at a time when its sale is prohibited.

20 (b) Effective September 1, 2021, Section 11.61(b),
21 Alcoholic Beverage Code, is amended to read as follows:

22 (b) The commission or administrator may suspend for not more
23 than 60 days or cancel an original or renewal permit if it is found,
24 after notice and hearing, that any of the following is true:

25 (1) the permittee has been finally convicted of a
26 violation of this code;

27 (2) the permittee violated a provision of this code or

1 a rule of the commission;

2 (3) the permittee was finally convicted of a felony
3 while holding an original or renewal permit;

4 (4) the permittee made a false or misleading statement
5 in connection with the permittee's [~~his~~] original or renewal
6 application, either in the formal application itself or in any
7 other written instrument relating to the application submitted to
8 the commission, its officers, or employees;

9 (5) the permittee is indebted to the state for taxes,
10 fees, or payment of penalties imposed by this code, by a rule of the
11 commission, or by Chapter 183, Tax Code;

12 (6) the permittee is not of good moral character or the
13 permittee's [~~his~~] reputation for being a peaceable and law-abiding
14 citizen in the community where the permittee [~~he~~] resides is bad;

15 (7) the place or manner in which the permittee
16 conducts the permittee's [~~his~~] business warrants the cancellation
17 or suspension of the permit based on the general welfare, health,
18 peace, morals, and safety of the people and on the public sense of
19 decency;

20 (8) the permittee is not maintaining an acceptable
21 bond;

22 (9) the permittee maintains a noisy, lewd, disorderly,
23 or unsanitary establishment or has supplied impure or otherwise
24 deleterious beverages;

25 (10) the permittee is insolvent or has developed an
26 incapacity that prevents or could prevent the permittee from
27 carrying on the management of the permittee's establishment with

1 reasonable skill, competence, and safety to the public [~~mentally~~
2 ~~or physically unable to carry on the management of his~~
3 ~~establishment~~];

4 (11) the permittee is in the habit of using alcoholic
5 beverages to excess;

6 (12) the permittee knowingly misrepresented to a
7 customer or the public any liquor sold by the permittee [~~him~~];

8 (13) the permittee was intoxicated on the licensed
9 premises;

10 (14) the permittee sold or delivered an alcoholic
11 beverage to an intoxicated person;

12 (15) the permittee possessed on the licensed premises
13 an alcoholic beverage that the permittee [~~he~~] was not authorized
14 under the [~~by his~~] permit to purchase and sell;

15 (16) a package store or wine only package store
16 permittee transported or shipped liquor, or caused it to be
17 transported or shipped, into a dry state or a dry area within this
18 state;

19 (17) the permittee is residentially domiciled with a
20 person who has a financial interest in an establishment engaged in
21 the business of selling malt beverages [~~beer~~] at retail, other than
22 a mixed beverage establishment, except as authorized by Section
23 22.06, 24.05, or 102.05 [~~of this code~~];

24 (18) the permittee is residentially domiciled with a
25 person whose permit or license was cancelled for cause within the
26 12-month period preceding the permittee's [~~his~~] own application;

27 (19) the permittee is not a citizen of the United

1 States or has not been a citizen of Texas for a period of one year
2 immediately preceding the filing of the permittee's [~~his~~]
3 application, unless the permittee [~~he~~] was issued an original or
4 renewal permit on or before September 1, 1948, and has been a United
5 States citizen at some time;

6 (20) the permittee permitted a person to open a
7 container of alcoholic beverage or possess an open container of
8 alcoholic beverage on the licensed premises unless a mixed beverage
9 permit has been issued for the premises;

10 (21) the permittee failed to promptly report to the
11 commission a breach of the peace occurring on the permittee's
12 licensed premises;

13 (22) the permittee consumed an alcoholic beverage or
14 permitted one to be consumed on the licensed premises at a time when
15 the consumption of alcoholic beverages is prohibited by this code;
16 or

17 (23) the permittee sold, served, or delivered an
18 alcoholic beverage at a time when its sale is prohibited.

19 SECTION 46. Sections 11.61(b-1), (d), and (j), Alcoholic
20 Beverage Code, are amended to read as follows:

21 (b-1) Notwithstanding Section 204.01 and any other
22 provision of this code, a person applying for a license or permit
23 under Chapter 25 or 69 for the on-premises consumption of malt
24 beverages [~~beer~~] exclusively or malt beverages [~~beer~~] and wine
25 exclusively, other than a license or permit for an establishment
26 holding a food and beverage certificate whose primary business
27 being operated on the premises is food service, must file with the

1 commission a surety bond, in an amount to be determined by the
2 commission, conditioned on the licensee's or permittee's
3 conformance with the alcoholic beverage law. The bond is forfeited
4 to the commission on the suspension of the license or permit for the
5 first time under this section or Section 61.71. Before the
6 suspended license or permit may be reinstated, the licensee or
7 permittee must furnish a second surety bond, similarly conditioned,
8 in an amount greater than the initial surety bond, the amount to be
9 determined by the commission. If the same license or permit is
10 suspended under this section or Section 61.71 a second time, the
11 bond is again forfeited to the commission. Before the suspended
12 license or permit may be reinstated, the licensee or permittee
13 shall furnish a third surety bond, similarly conditioned, in an
14 amount greater than the second surety bond, the amount to be
15 determined by the commission. If the same license or permit is
16 suspended under this section or Section 61.71 a third time, the bond
17 is again forfeited to the commission and the license or permit shall
18 be canceled by the commission. This subsection applies only to a
19 license or permit held in connection with an establishment located
20 in a county with a population of 1.4 million or more.

21 (d) The commission or administrator without a hearing may
22 for investigative purposes summarily suspend a mixed beverage
23 permit or a wine and malt beverage [~~beer~~] retailer's permit for not
24 more than seven days if the commission or administrator finds that a
25 shooting, stabbing, or murder has occurred on the licensed premises
26 which is likely to result in a subsequent act of violence. Notice
27 of the order suspending the permit shall be given to the permittee

1 personally within 24 hours of the time the violent act occurs. If
2 the permittee cannot be located, notice shall be provided by
3 posting a copy of the order on the front door of the licensed
4 premises.

5 (j) A hearing under Subsection (b) must be concluded not
6 later than the 60th day after notice is provided under that
7 subsection. Neither the permittee nor the commission may waive the
8 provisions of this subsection. This subsection applies only to a
9 hearing in connection with a wine and malt beverage [~~beer~~]
10 retailer's permit, other than a permit held with a food and beverage
11 certificate, for premises located in a county with a population of
12 1.4 million or more.

13 SECTION 47. (a) Effective December 31, 2020, Section
14 11.612(a), Alcoholic Beverage Code, is amended to read as follows:

15 (a) The commission or administrator may cancel an original
16 or a renewal permit issued under Chapter 32 or 33 and the commission
17 may deny an application for [~~refuse to issue~~] any new alcoholic
18 beverage permit for the same premises for one year after the date of
19 cancellation if:

20 (1) the chief of police of the municipality, if the
21 premises are located in an incorporated area, or the sheriff of the
22 county in which the premises are located has submitted a sworn
23 statement to the commission stating specific allegations that the
24 place or manner in which the permittee conducts its business
25 endangers the general welfare, health, peace, morals, or safety of
26 the community; and

27 (2) the commission or administrator finds, after

1 notice and hearing within the county where the premises are
2 located, that the place or manner in which the permittee conducts
3 its business does in fact endanger the general welfare, health,
4 peace, morals, or safety of the community.

5 (b) Effective September 1, 2021, Section 11.612(a),
6 Alcoholic Beverage Code, is amended to read as follows:

7 (a) The commission or administrator may cancel an original
8 or a renewal certificate [~~permit~~] issued under Chapter 29 to the
9 holder of a private club registration permit or a permit issued
10 under Chapter 32 [~~or 33~~] and the commission may deny an application
11 for [~~refuse to issue~~] any new alcoholic beverage permit for the same
12 premises for one year after the date of cancellation if:

13 (1) the chief of police of the municipality, if the
14 premises are located in an incorporated area, or the sheriff of the
15 county in which the premises are located has submitted a sworn
16 statement to the commission stating specific allegations that the
17 place or manner in which the permittee conducts its business
18 endangers the general welfare, health, peace, morals, or safety of
19 the community; and

20 (2) the commission or administrator finds, after
21 notice and hearing within the county where the premises are
22 located, that the place or manner in which the permittee conducts
23 its business does in fact endanger the general welfare, health,
24 peace, morals, or safety of the community.

25 SECTION 48. Section 11.613, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 11.613. SUMMARY SUSPENSION OF PRIVATE CLUB PERMIT.

1 The commission or administrator without a hearing may for
2 investigative purposes summarily suspend a certificate [~~permit~~]
3 issued under Chapter 29 to the holder of a private club registration
4 permit or a permit issued under Chapter 32 [~~or 33~~] for not more than
5 seven days if the commission or administrator finds that a
6 shooting, stabbing, or murder has occurred on the licensed premises
7 that is likely to result in a subsequent act of violence. Notice of
8 the order suspending the permit shall be given to the permittee
9 personally within 72 hours of the time the violent act occurs. If
10 the permittee cannot be located, notice shall be provided by
11 posting a copy of the order on the front door of the licensed
12 premises.

13 SECTION 49. Effective September 1, 2019, Subchapter C,
14 Chapter 11, Alcoholic Beverage Code, is amended by adding Sections
15 11.614 and 11.615 to read as follows:

16 Sec. 11.614. ORDER SUSPENDING PERMIT OR LICENSE. (a) If
17 the commission or administrator determines that the continued
18 operation of a permitted or licensed business would constitute a
19 continuing threat to the public welfare, the commission or
20 administrator may issue an emergency order, without a hearing,
21 suspending the permit or license for not more than 90 days.

22 (b) An order suspending a permit or license under this
23 section must state the length of the suspension in the order.

24 (c) If an emergency order is issued without a hearing under
25 this section, the commission or administrator shall set the time
26 and place for a hearing to be conducted not later than the 10th day
27 after the date the order was issued. A hearing under this section

1 to affirm, modify, or set aside the emergency order shall be
2 conducted by the State Office of Administrative Hearings at a
3 location authorized by Section 11.015. The order shall be affirmed
4 to the extent that reasonable cause existed to issue the order.

5 (d) The commission by rule may prescribe procedures for the
6 determination and appeal of an emergency order issued under this
7 section, including a rule allowing the commission to affirm,
8 modify, or set aside a decision made by the State Office of
9 Administrative Hearings under Subsection (c).

10 (e) A proceeding under this section is a contested case
11 under Chapter 2001, Government Code.

12 Sec. 11.615. DISCIPLINARY ACTION FOR VIOLATION OF ORDER.
13 The commission may deny an application for an original or renewal
14 permit or license or take other disciplinary action against a
15 permit or license holder who violates an order of the commission or
16 administrator.

17 SECTION 50. Effective December 31, 2020, Section 11.63,
18 Alcoholic Beverage Code, is amended to read as follows:

19 Sec. 11.63. NOTICE OF HEARING. At least 10 days' notice
20 shall be given when a hearing is provided by this code. A notice of
21 hearing for the denial [~~refusal~~], cancellation, or suspension of a
22 license or permit may be served personally by a representative of
23 the commission or sent by registered or certified mail addressed to
24 the licensee or permittee.

25 SECTION 51. Effective September 1, 2019, Sections 11.641(a)
26 and (b), Alcoholic Beverage Code, are amended to read as follows:

27 (a) The amount of the civil penalty under Section 11.64 must

1 be appropriate for the nature and seriousness of the violation. In
2 determining the amount of the civil penalty, the commission or
3 administrator shall consider:

- 4 (1) the type of license or permit held;
- 5 (2) the type of violation;
- 6 (3) any aggravating or ameliorating circumstances
7 concerning the violation, including those enumerated in Section
8 11.64(c); ~~and~~

9 (4) the permittee's or licensee's previous violations;
10 and

11 (5) if the commission or administrator determines the
12 permittee or licensee has previously violated this code, whether
13 the permittee or licensee profited from the violation, and if so the
14 amount of the permittee's or licensee's profit.

15 (b) Except as provided by Subsection (a), the ~~[The]~~ amount
16 of the civil penalty may not be based on:

- 17 (1) the volume of alcoholic beverages sold;
- 18 (2) the receipts of the business;
- 19 (3) the taxes paid; or
- 20 (4) the financial condition of the permittee or
21 licensee.

22 SECTION 52. Effective December 31, 2020, the heading to
23 Section 11.67, Alcoholic Beverage Code, is amended to read as
24 follows:

25 Sec. 11.67. APPEAL FROM CANCELLATION, SUSPENSION, OR DENIAL
26 ~~[REFUSAL]~~ OF LICENSE OR PERMIT.

27 SECTION 53. Effective December 31, 2020, Sections 11.67(a),

1 (c), and (d), Alcoholic Beverage Code, are amended to read as
2 follows:

3 (a) An appeal from an order of the commission or
4 administrator [~~refusing,~~] cancelling[~~,~~] or suspending a permit or
5 license may be taken to the district court of the county in which
6 the [~~applicant,~~] licensee[~~,~~] or permittee resides or in which the
7 owner of involved real or personal property resides.

8 (c) A local official[~~,~~] on record as protesting the issuance
9 or renewal of a permit or license [~~at a hearing provided by this~~
10 ~~code,~~] is entitled to notice of the appeal. If other persons are on
11 record as protesting the issuance or renewal of a permit or license
12 [~~at a hearing provided by this code~~], the first three persons to be
13 on record are entitled to notice of the appeal. The appellant is
14 responsible for causing the notice to be given. The notice shall be
15 given by sending, on or before the third day after the date on which
16 the appeal is filed, a copy of the petition by registered or
17 certified mail to the persons entitled to receive the notice.

18 (d) If the appeal is from an order denying an application
19 for an original [~~refusing the issuance~~] or renewal [~~of a~~] permit or
20 license for a business that is sexually oriented, any person may
21 appear on appeal against the issuance or renewal of the license or
22 permit. However, the court may grant a motion to strike the
23 person's appearance on a showing that the person does not have a
24 justiciable or administratively cognizable interest in the
25 proceeding.

26 SECTION 54. Effective September 1, 2019, Section 11.72,
27 Alcoholic Beverage Code, is amended to read as follows:

1 Sec. 11.72. DISCIPLINE FOR ACTIONS OF AGENT; RECORDS
2 RETENTION. (a) The commission or administrator may suspend or
3 revoke the permit of a person who is represented by [~~the holder of~~]
4 an agent [~~agent's permit~~] under Section 15.01, 35.01, or 36.01 or
5 otherwise discipline the person based on an act or omission of the
6 person's agent [~~holder of the agent's permit~~] only if an individual
7 employed by the person in a supervisory position:

8 (1) was directly involved in the act or omission of the
9 agent [~~holder of the agent's permit~~];

10 (2) had notice or knowledge of the act or omission; or

11 (3) failed to take reasonable steps to prevent the act
12 or omission.

13 (b) The holder of a permit who is represented by an agent
14 shall maintain records relating to the agent's activities,
15 including any representation agreement, employment records, or
16 similar documents, for not less than four years from the date the
17 record is created.

18 SECTION 55. Effective September 1, 2019, Section 11.73,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 11.73. AFFIRMATION OF COMPLIANCE. A person who holds a
21 permit under Chapter 19, 20, [~~21~~] or 23 may not be subject to an
22 administrative sanction for selling or delivering an alcoholic
23 beverage to a retailer not authorized to purchase and receive the
24 alcoholic beverage if the permit holder:

25 (1) reasonably believes that the retailer is
26 authorized to purchase and receive that type of alcoholic beverage;
27 and

1 (2) obtains from the retailer at the time of delivery a
2 written affirmation, which may be printed or stamped on a sales
3 invoice evidencing the sale or delivery of alcoholic beverages by
4 the permit holder, that the retailer is authorized to purchase and
5 receive the type of alcoholic beverage sold and delivered by the
6 permit holder.

7 SECTION 56. (a) Effective September 1, 2019, Chapter 12,
8 Alcoholic Beverage Code, is amended by adding Section 12.015 to
9 read as follows:

10 Sec. 12.015. IMPORTATION OF ALE AND MALT LIQUOR FOR
11 MANUFACTURE. (a) The holder of a brewer's permit may:

12 (1) import ale and malt liquor for manufacturing
13 purposes from a holder of a nonresident brewer's permit; and

14 (2) mix and blend ale and malt liquor imported under
15 Subdivision (1) and bottle and sell the resultant product.

16 (b) The state tax on ale and malt liquor imported for
17 manufacturing purposes does not accrue until:

18 (1) the ale or malt liquor has been used for
19 manufacturing purposes; and

20 (2) the resultant product has been placed in
21 containers for sale.

22 (b) If a conflict exists between this Act and S.B. 928, Acts
23 of the 86th Legislature, Regular Session, 2019, this Act controls
24 without regard to the relative dates of enactment.

25 SECTION 57. Effective September 1, 2019, Section 12.052,
26 Alcoholic Beverage Code, is amended by amending Subsection (a) and
27 adding Subsections (a-1), (e-1), and (g) to read as follows:

1 (a) In addition to the activities authorized by Section
2 12.01, the holder of a brewer's permit whose annual production of
3 ale, together with the annual production of beer by the holder of a
4 manufacturer's license at all premises wholly or partly owned,
5 directly or indirectly, by the permit holder or an affiliate or
6 subsidiary of the permit holder, does not exceed a total of 225,000
7 barrels may sell ale produced on the brewer's premises under the
8 permit to ultimate consumers on the brewer's premises:

9 (1) for responsible consumption on the brewer's
10 premises; or

11 (2) subject to Subsection (a-1), for off-premises
12 consumption.

13 (a-1) Sales to a consumer on the brewer's premises for
14 off-premises consumption are limited to 288 fluid ounces of beer
15 and ale combined per calendar day.

16 (e-1) The commission:

17 (1) may require the holder of a brewer's permit who
18 sells ale to ultimate consumers under this section to report to the
19 commission each month, in the manner prescribed by the commission,
20 the total amounts of ale sold by the permit holder under this
21 section during the preceding month for:

22 (A) responsible consumption on the brewer's
23 premises; and

24 (B) off-premises consumption, as authorized by
25 Subsection (a);

26 (2) by rule shall adopt a simple form for a report
27 required under Subdivision (1); and

1 (3) shall maintain reports received under this
2 subsection for public review.

3 (g) The commission may impose an administrative penalty
4 against a permit holder who violates Subsection (a-1) or fails to
5 comply with a requirement established by the commission under
6 Subsection (e-1). The commission shall adopt rules establishing:

7 (1) the amount of an administrative penalty under this
8 subsection; and

9 (2) the procedures for imposing an administrative
10 penalty under this subsection.

11 SECTION 58. Effective September 1, 2019, Section 14.01(a),
12 Alcoholic Beverage Code, is amended to read as follows:

13 (a) The holder of a distiller's and rectifier's permit may:

14 (1) manufacture distilled spirits;

15 (2) rectify, purify, and refine distilled spirits and
16 wines;

17 (3) mix wines, distilled spirits, or other liquors;

18 (4) bottle, label, and package the permit holder's
19 finished products;

20 (5) sell the finished products in this state to
21 holders of wholesaler's permits and to qualified persons outside
22 the state;

23 (6) purchase distilled spirits, to be used only for
24 manufacturing or rectification purposes, from holders of
25 nonresident seller's permits or distiller's and rectifier's
26 permits;

27 (7) dispense free distilled spirits for consumption on

1 the permitted premises under Section 14.04;

2 (8) sell bulk alcohol produced by the permit holder
3 for purposes described by Section 38.01 [~~to holders of industrial~~
4 ~~permits in this state~~]; and

5 (9) sell distilled spirits to ultimate consumers under
6 Section 14.04 or 14.05.

7 SECTION 59. Effective September 1, 2019, Section 14.06,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 14.06. REPORT OF CERTAIN SALES. A holder of a
10 distiller's and rectifier's permit who sells distilled spirits [~~to~~
11 ~~a holder of an industrial permit~~] under Section 14.01(a)(8) shall
12 keep records of those sales in a manner prescribed by the commission
13 or administrator.

14 SECTION 60. Chapter 14, Alcoholic Beverage Code, is amended
15 by adding Section 14.07 to read as follows:

16 Sec. 14.07. TRANSPORTING LIQUOR. (a) The holder of a
17 distiller's and rectifier's permit may transport liquor, if the
18 transportation is for a lawful purpose, from:

19 (1) the place of purchase to the holder's place of
20 business; and

21 (2) the place of sale or distribution to the
22 purchaser.

23 (b) The holder of a distiller's and rectifier's permit may
24 transport liquor from one wet area to another wet area across a dry
25 area if that course of transportation is necessary or convenient.

26 (c) The holder of a distiller's and rectifier's permit
27 transporting liquor under this section shall provide to the

1 commission:

2 (1) a full description of each motor vehicle used by
3 the permit holder for transporting liquor; and

4 (2) any other information the commission requires.

5 (d) The holder of a distiller's and rectifier's permit may
6 transport liquor only in a vehicle that is:

7 (1) described by Subsection (c)(1);

8 (2) owned or leased in good faith by the permit holder
9 or by the permit holder's agent; and

10 (3) printed or painted with the designation required
11 by the commission.

12 SECTION 61. Chapter 14, Alcoholic Beverage Code, is amended
13 by adding Section 14.08 to read as follows:

14 Sec. 14.08. STORAGE. (a) The holder of a distiller's and
15 rectifier's permit may store liquor:

16 (1) on the permit holder's premises; or

17 (2) inside the county in which the permit holder's
18 business is located in a:

19 (A) public bonded warehouse authorized to store
20 liquor under Chapter 46; or

21 (B) private warehouse that is:

22 (i) owned or leased by the permit holder;

23 and

24 (ii) operated by the permit holder.

25 (b) The holder of a distiller's and rectifier's permit may
26 not store liquor in a dry area.

27 SECTION 62. Effective September 1, 2019, the heading to

1 Chapter 15, Alcoholic Beverage Code, is amended to read as follows:

2 CHAPTER 15. DISTILLER'S AGENT [~~AGENT'S PERMIT~~]

3 SECTION 63. Effective September 1, 2019, Section 15.01,
4 Alcoholic Beverage Code, is amended to read as follows:

5 Sec. 15.01. AUTHORIZED ACTIVITIES. (a) A [~~The holder of a~~]
6 distiller's agent [~~agent's permit~~] may:

7 (1) represent the holder of a distiller's and
8 rectifier's permit;

9 (2) solicit and take orders from a holder of a
10 wholesaler's permit for the sale of distilled spirits manufactured
11 by the permit holder represented by the agent; and

12 (3) conduct free distilled spirits tastings for
13 consumers on the premises of the holder of a package store permit.

14 (b) A person acting as an agent may only represent one
15 permitted or licensed business at a time while soliciting or taking
16 orders.

17 SECTION 64. Effective September 1, 2019, Section 15.04,
18 Alcoholic Beverage Code, is amended to read as follows:

19 Sec. 15.04. SOLICITATION FROM HOLDER OF MIXED BEVERAGE OR
20 PRIVATE CLUB PERMIT. A [~~holder of a~~] distiller's agent [~~agent's~~
21 ~~permit~~] may not solicit business directly or indirectly from a
22 holder of a mixed beverage permit or a private club registration
23 permit unless the distiller's agent is accompanied by the holder of
24 a wholesaler's permit or the wholesaler's agent.

25 SECTION 65. Effective September 1, 2019, Section 15.05,
26 Alcoholic Beverage Code, is amended to read as follows:

27 Sec. 15.05. UNAUTHORIZED REPRESENTATION. A [~~holder of a~~]

1 distiller's agent [~~agent's permit~~] in soliciting or taking orders
2 for the sale of liquor may not represent that the agent [~~permit~~
3 ~~holder~~] is an agent of any person other than the person who employs
4 the agent or who has authorized the agent to represent the person
5 [~~designated in the permit holder's application~~].

6 SECTION 66. Effective September 1, 2019, Section 16.01(a),
7 Alcoholic Beverage Code, is amended to read as follows:

8 (a) Except as provided by Section 16.011, the holder of a
9 winery permit may:

10 (1) manufacture, bottle, label, and package wine
11 containing not more than 24 percent alcohol by volume;

12 (2) manufacture fruit brandy and:

13 (A) use that brandy on the winery permit holder's
14 permitted premises for fortifying purposes only; or

15 (B) sell that brandy to other winery permit
16 holders;

17 (3) import or buy fruit brandy from a permit holder
18 authorized to manufacture fruit brandy and use that brandy on the
19 winery permit holder's permitted premises for fortifying purposes
20 only;

21 (4) sell wine in this state to or buy wine from permit
22 holders authorized to purchase and sell wine, including holders of
23 wholesaler's permits and[7] winery permits[7, ~~and wine bottler's~~
24 ~~permits~~];

25 (5) sell wine to ultimate consumers:

26 (A) for consumption on the winery premises; or

27 (B) in unbroken packages for off-premises

1 consumption in an amount not to exceed 35,000 gallons annually;

2 (6) sell the wine outside this state to qualified
3 persons;

4 (7) blend wines;

5 (8) dispense free wine for consumption on the winery
6 premises; and

7 (9) purchase and import wine from the holder of a
8 nonresident seller's permit.

9 SECTION 67. Effective September 1, 2019, Section 16.04,
10 Alcoholic Beverage Code, is amended to read as follows:

11 Sec. 16.04. FEDERAL PERMIT REQUIRED. A winery permit may be
12 granted only on presentation of an appropriate [~~a winemaker's and~~
13 ~~blender's basic permit of the~~] federal wine permit [~~alcohol tax~~
14 ~~unit~~].

15 SECTION 68. Section 16.08(b), Alcoholic Beverage Code, is
16 amended to read as follows:

17 (b) The holder of a winery permit may sell wine to the holder
18 of a wine and malt beverage retailer's permit, mixed beverage
19 permit, private club permit, or nonprofit entity temporary event
20 permit [~~issued under Chapter 27, 30, or 33~~] for an event that is
21 approved by the commission and organized to celebrate and promote
22 the wine industry in this state.

23 SECTION 69. Chapter 16, Alcoholic Beverage Code, is amended
24 by adding Section 16.10 to read as follows:

25 Sec. 16.10. TRANSPORTING WINE. (a) The holder of a winery
26 permit may transport wine, if the transportation is for a lawful
27 purpose, from:

1 (1) the place of purchase to the holder's place of
2 business; and

3 (2) the place of sale or distribution to the
4 purchaser.

5 (b) The holder of a winery permit may transport wine from
6 one wet area to another wet area across a dry area if that course of
7 transportation is necessary or convenient.

8 (c) The holder of a winery permit may transport wine only in
9 a vehicle that is owned or leased in good faith by the permit holder
10 or by the permit holder's agent.

11 SECTION 70. Chapter 16, Alcoholic Beverage Code, is amended
12 by adding Section 16.11 to read as follows:

13 Sec. 16.11. STORAGE. (a) The holder of a winery permit may
14 store wine:

15 (1) on the permit holder's premises; or

16 (2) inside or outside the county in which the permit
17 holder's business is located in a:

18 (A) public bonded warehouse that is authorized to
19 store liquor under Chapter 46; or

20 (B) private warehouse that is:

21 (i) owned or leased by the permit holder;

22 and

23 (ii) operated by the permit holder.

24 (b) The holder of a winery permit whose winery is located in
25 a county all or part of which is in a dry area may store the winery's
26 product in a dry area of that county if the product to be stored is
27 owned by the permit holder and remains in the permit holder's

1 possession.

2 SECTION 71. Chapter 16, Alcoholic Beverage Code, is amended
3 by adding Section 16.12 to read as follows:

4 Sec. 16.12. SALES AT TEMPORARY LOCATION. (a) The holder of
5 a winery permit may sell wine at a civic or wine festival, farmers'
6 market, celebration, or similar event.

7 (b) The holder of a winery permit may not offer wine for sale
8 under this section on more than four consecutive days at the same
9 location.

10 (c) The commission shall adopt rules to implement this
11 section, including rules that:

12 (1) require the permit holder to notify the commission
13 of the dates on which and location where the permit holder will
14 temporarily offer wine for sale under this section;

15 (2) establish a procedure to verify the wet or dry
16 status of the location where the permit holder intends to
17 temporarily sell wine under this section;

18 (3) detail the circumstances when a permit holder may
19 temporarily sell wine under this section with just a notification
20 to the commission and the circumstances that require the
21 commission's preapproval before a permit holder may temporarily
22 sell wine under this section; and

23 (4) require the permit holder to provide any other
24 information the commission determines necessary.

25 (d) The provisions of this code applicable to the sale of
26 wine on the permitted premises of the holder of a winery permit
27 apply to the sale of wine under this section.

1 SECTION 72. (a) Effective September 1, 2019, Section
2 19.01, Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 19.01. AUTHORIZED ACTIVITIES. The holder of a
4 wholesaler's permit may:

5 (1) purchase and import liquor from distillers,
6 brewers, wineries, [~~wine bottlers,~~] rectifiers, and manufacturers
7 who are holders of nonresident seller's permits or from their
8 agents [~~who hold manufacturer's agents permits~~];

9 (2) purchase liquor from other wholesalers in the
10 state;

11 (3) sell liquor in the original containers in which it
12 is received to retailers and wholesalers in this state authorized
13 to sell the liquor;

14 (4) sell liquor to qualified persons outside the
15 state; and

16 (5) sell ale and malt liquor to a holder of a private
17 club registration permit.

18 (b) Effective September 1, 2021, Section 19.01, Alcoholic
19 Beverage Code, is amended to read as follows:

20 Sec. 19.01. AUTHORIZED ACTIVITIES. The holder of a
21 wholesaler's permit may:

22 (1) purchase and import liquor from distillers,
23 [~~brewers,~~] wineries, and [~~wine bottlers,~~] rectifiers[~~, and~~
24 ~~manufacturers~~] who are holders of nonresident seller's permits or
25 from their agents [~~who hold manufacturer's agents permits~~];

26 (2) purchase liquor from other wholesalers in the
27 state;

1 (3) sell liquor in the original containers in which it
2 is received to retailers and wholesalers in this state authorized
3 to sell the liquor; and

4 (4) sell liquor to qualified persons outside the
5 state[~~, and~~

6 ~~[(5) sell ale and malt liquor to a holder of a private
7 club registration permit].~~

8 SECTION 73. Section 19.03, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 19.03. PROMOTIONAL ACTIVITIES. The holder of a
11 wholesaler's permit or the permittee's [~~his~~] agent may enter the
12 licensed premises of a mixed beverage permittee or private club
13 registration permittee to determine the brands offered for sale and
14 suggest or promote the sale of other brands, to the extent
15 authorized by Section 102.07 [~~of this code~~]. The holder of a
16 wholesaler's permit or the permittee's [~~his~~] agent may not accept a
17 direct order from a mixed beverage permittee except for wine [~~or~~
18 ~~malt liquor~~].

19 SECTION 74. Section 19.04, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 19.04. MINIATURE CONTAINERS. In addition to other
22 authorized containers, a wholesaler's permittee may import, sell,
23 offer for sale, and possess for the purpose of resale distilled
24 spirits, wine, and vinous liquors in containers of not less than one
25 ounce nor more than two ounces. Liquor in containers of that size
26 may be sold to:

27 (1) package store permittees for resale to certain

1 passenger transportation [~~airline beverage~~] permittees, as
2 provided in Section 48.03 [~~34.05 of this code~~]; and

3 (2) local distributor's permittees.

4 SECTION 75. Chapter 19, Alcoholic Beverage Code, is amended
5 by adding Section 19.06 to read as follows:

6 Sec. 19.06. TRANSPORTING LIQUOR. (a) The holder of a
7 wholesaler's permit may transport liquor, if the transportation is
8 for a lawful purpose, from:

9 (1) the place of purchase to the holder's place of
10 business; and

11 (2) the place of sale or distribution to the
12 purchaser.

13 (b) The holder of a wholesaler's permit may transport liquor
14 from one wet area to another wet area across a dry area if that
15 course of transportation is necessary or convenient.

16 (c) The holder of a wholesaler's permit transporting liquor
17 under this section shall provide to the commission:

18 (1) a full description of each motor vehicle used by
19 the permit holder for transporting liquor; and

20 (2) any other information the commission requires.

21 (d) The holder of a wholesaler's permit may transport liquor
22 only in a vehicle that is:

23 (1) described by Subsection (c)(1);

24 (2) owned or leased in good faith by the permit holder
25 or by the permit holder's agent; and

26 (3) printed or painted with the designation required
27 by the commission.

1 SECTION 76. Chapter 19, Alcoholic Beverage Code, is amended
2 by adding Section 19.07 to read as follows:

3 Sec. 19.07. STORAGE. (a) The holder of a wholesaler's
4 permit may store liquor:

5 (1) on the permit holder's premises; or

6 (2) inside the county in which the permit holder's
7 business is located in a:

8 (A) public bonded warehouse authorized to store
9 liquor under Chapter 46; or

10 (B) private warehouse that is:

11 (i) owned or leased by the permit holder;

12 and

13 (ii) operated by the permit holder.

14 (b) The holder of a wholesaler's permit may not store liquor
15 in a dry area.

16 SECTION 77. (a) Effective September 1, 2019, Section
17 20.01, Alcoholic Beverage Code, is amended to read as follows:

18 Sec. 20.01. AUTHORIZED ACTIVITIES. The holder of a general
19 class B wholesaler's permit may:

20 (1) purchase and import malt and vinous liquors from
21 brewers, wineries, rectifiers, and wine manufacturers [~~and wine~~
22 ~~bottlers~~] who are the holders of nonresident seller's permits or
23 their agents [~~who are holders of manufacturer's agent permits~~];

24 (2) purchase malt and vinous liquors from holders of
25 brewer's permits, holders of brewpub licenses, or other wholesalers
26 in the state;

27 (3) sell the malt and vinous liquors in the original

1 containers in which they are received to retailers and wholesalers
2 authorized to sell them in this state, including holders of local
3 distributor's permits, mixed beverage permits, and daily temporary
4 mixed beverage permits;

5 (4) sell the malt and vinous liquors to qualified
6 persons outside the state; and

7 (5) sell ale and malt liquor to a holder of a private
8 club registration permit.

9 (b) Effective September 1, 2021, Section 20.01, Alcoholic
10 Beverage Code, is amended to read as follows:

11 Sec. 20.01. AUTHORIZED ACTIVITIES. The holder of a general
12 class B wholesaler's permit may:

13 (1) purchase and import [~~malt and~~] vinous liquors from
14 [~~brewers,~~] wineries, rectifiers, and wine manufacturers [~~and wine~~
15 ~~bottlers~~] who are the holders of nonresident seller's permits or
16 their agents [~~who are holders of manufacturer's agent permits~~];

17 (2) purchase [~~malt and~~] vinous liquors from [~~holders~~
18 ~~of brewer's permits, holders of brewpub licenses, or other~~]
19 wholesalers in the state;

20 (3) sell the [~~malt and~~] vinous liquors in the original
21 containers in which they are received to retailers and wholesalers
22 authorized to sell them in this state, including holders of local
23 distributor's permits, mixed beverage permits, and certain
24 nonprofit entity [~~daily~~] temporary event [~~mixed beverage~~] permits;
25 and

26 (4) sell the [~~malt and~~] vinous liquors to qualified
27 persons outside the state[~~, and~~

1 ~~[(5) sell ale and malt liquor to a holder of a private~~
2 ~~club registration permit].~~

3 SECTION 78. Chapter 20, Alcoholic Beverage Code, is amended
4 by adding Section 20.04 to read as follows:

5 Sec. 20.04. TRANSPORTING LIQUOR. (a) The holder of a
6 general class B wholesaler's permit may transport liquor, if the
7 transportation is for a lawful purpose, from:

8 (1) the place of purchase to the holder's place of
9 business; and

10 (2) the place of sale or distribution to the
11 purchaser.

12 (b) The holder of a general class B wholesaler's permit may
13 transport liquor from one wet area to another wet area across a dry
14 area if that course of transportation is necessary or convenient.

15 (c) The holder of a general class B wholesaler's permit
16 transporting liquor under this section shall provide to the
17 commission:

18 (1) a full description of each motor vehicle used by
19 the permit holder for transporting liquor; and

20 (2) any other information the commission requires.

21 (d) The holder of a general class B wholesaler's permit may
22 transport liquor only in a vehicle that is:

23 (1) described by Subsection (c)(1);

24 (2) owned or leased in good faith by the permit holder
25 or by the permit holder's agent; and

26 (3) printed or painted with the designation required
27 by the commission.

1 SECTION 79. Chapter 20, Alcoholic Beverage Code, is amended
2 by adding Section 20.05 to read as follows:

3 Sec. 20.05. STORAGE. (a) The holder of a general class B
4 wholesaler's permit may store liquor:

5 (1) on the permitted premises; or

6 (2) inside the county in which the permittee's
7 business is located in a:

8 (A) public bonded warehouse authorized to store
9 liquor under Chapter 46; or

10 (B) private warehouse that is:

11 (i) owned or leased by the permit holder;

12 and

13 (ii) operated by the permit holder.

14 (b) The holder of a general class B wholesaler's permit may
15 not store liquor in a dry area.

16 SECTION 80. Section 22.01, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 22.01. AUTHORIZED ACTIVITIES. The holder of a package
19 store permit may:

20 (1) purchase liquor in this state from the holder of a
21 winery, wholesaler's, or class B wholesaler's [~~, or wine bottler's~~]
22 permit;

23 (2) purchase malt beverages in this state from the
24 holder of a general or branch distributor's license;

25 (3) sell liquor and malt beverages in unbroken
26 original containers on or from the holder's [~~his~~] licensed premises
27 at retail to consumers for off-premises consumption only and not

1 for the purpose of resale, except that if the permittee is a hotel,
2 the permittee may deliver unbroken packages of liquor and malt
3 beverages to bona fide guests of the hotel in their rooms for
4 consumption in their rooms;

5 (4) [~~3~~] sell [~~malt and~~] vinous liquors in original
6 containers of not less than six ounces; and

7 (5) [~~4~~] sell liquor to holders of passenger
8 transportation [~~airline beverage~~] permits as provided in Section
9 48.03 [~~34.05 of this code~~].

10 SECTION 81. Section 22.03, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 22.03. DELIVERIES TO CUSTOMERS. (a) The holder of a
13 package store permit or wine only package store permit issued for a
14 location within a city or town or within two miles of the corporate
15 limits of a city or town[~~, who also holds a local cartage permit,~~]
16 may make deliveries of and collections for alcoholic beverages off
17 the premises in areas where the sale of the beverages is legal. The
18 permittee must travel by the most direct route and may make
19 deliveries and collections only within the county or the city or
20 town or within two miles of its corporate limits, and only in
21 response to bona fide orders placed by the customer, either in
22 person at the premises, in writing, by mail, or by telegraph or
23 telephone. This section shall not be construed as preventing a
24 holder of a package store permit or wine only package store permit
25 from delivering alcoholic beverages to the holder of a carrier's
26 permit for transportation to persons who have placed bona fide
27 orders and who are located in an area that the holder of a package

1 store permit or wine only package store permit [~~who also holds a~~
2 ~~local cartage permit,~~] is authorized to directly deliver to under
3 this section. The holder of a package store permit or wine only
4 package store permit may also deliver alcoholic beverages to the
5 holder of a carrier's permit for transportation outside of this
6 state in response to bona fide orders placed by persons authorized
7 to purchase the beverages.

8 (b) The holder of a package store permit [~~who also holds a~~
9 ~~local cartage permit~~] may transport alcoholic beverages to a
10 commercial airline in a regional airport located all or partly in an
11 adjoining county if the airport is governed by a board, commission,
12 or authority, some of whose members reside in the county where the
13 package store is located.

14 SECTION 82. Effective September 1, 2019, Sections 22.04(a)
15 and (c), Alcoholic Beverage Code, are amended to read as follows:

16 (a) A [~~No~~] person may not hold or have an interest, directly
17 or indirectly, in more than 250 [~~five~~] package stores or in their
18 business or permit.

19 (c) Except as provided by Section 22.041, the [~~The~~
20 ~~limitations prescribed in this section do not apply to an original~~
21 ~~or renewal package store permit issued before May 1, 1949, and in~~
22 ~~effect on that date. The~~] commission may not issue [~~or~~
23 ~~administrator shall renew each permit of that type on proper~~
24 ~~application if the applicant is otherwise qualified. If a person~~
25 ~~who holds or has an interest in~~] more than 15 original [~~five~~]
26 package store permits to a person in a calendar year [~~under the~~
27 ~~authority of this subsection has one of the permits cancelled,~~

1 ~~voluntarily or for cause, he may not obtain an additional permit in~~
2 ~~lieu of the cancelled permit. No person who has more than five~~
3 ~~package store permits may place any of the permits in suspense with~~
4 ~~the commission].~~

5 SECTION 83. Effective September 1, 2019, Chapter 22,
6 Alcoholic Beverage Code, is amended by adding Section 22.041 to
7 read as follows:

8 Sec. 22.041. ACQUISITION OF EXISTING PACKAGE STORE
9 BUSINESS. (a) The commission may issue an original package store
10 permit to a person for an existing package store business if:

11 (1) the person acquired by purchase or otherwise the
12 existing package store business; and

13 (2) the existing package store business has been
14 operating in the same county for more than one year before the date
15 the person acquired the package store business.

16 (b) A package store permit issued under this section is not
17 subject to the permit limit under Section 22.04(c).

18 SECTION 84. Effective September 1, 2019, Section 22.05,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 22.05. TRANSFER [CONSOLIDATION] OF PERMITS. The
21 holder of a package store permit may not transfer the permit [If one
22 person or two or more persons related within the first degree of
23 consanguinity have a majority of the ownership in two or more legal
24 entities holding package store permits, they may consolidate the
25 package store businesses into a single legal entity. That single
26 legal entity may then be issued permits for all the package stores,
27 notwithstanding any other provision of this code. After the

1 ~~consolidation, none of the permits may be transferred]~~ to another
2 county.

3 SECTION 85. Section 22.06(a), Alcoholic Beverage Code, is
4 amended to read as follows:

5 (a) Except as otherwise provided in Section 102.05 [~~of this~~
6 ~~code and in Subsection (b) of this section]~~, no person who holds a
7 package store permit or owns an interest in a package store may have
8 a direct or indirect interest in any of the following:

9 (1) a brewer's [~~manufacturer's~~], retail dealer's
10 on-premise, or general or[~~7~~] branch[~~7~~, ~~or local~~] distributor's
11 license;

12 (2) a wine and malt beverage [~~beer~~] retailer's, wine
13 and malt beverage [~~beer~~] retailer's off-premise, or mixed beverage
14 permit; or

15 (3) the business of any of the permits or licenses
16 listed in Subdivisions (1) and (2) of this subsection.

17 SECTION 86. Section 22.08, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 22.08. TRANSFER OF BEVERAGES. (a) The owner of more
20 than one package store [~~who is also the holder of a local cartage~~
21 ~~permit~~] may transfer alcoholic beverages between any of the owner's
22 [~~his~~] licensed premises in the same county between the hours of 7
23 a.m. and 9 p.m. on any day when the sale of those beverages is legal,
24 subject to rules prescribed by the commission.

25 (b) The holder of a package store permit may not transport
26 alcoholic beverages under Subsection (a) unless:

27 (1) the permit holder provides the commission with a

1 description, as required by the commission, of each motor vehicle
2 used by the permit holder to transport alcoholic beverages; and

3 (2) each motor vehicle is plainly marked or lettered
4 to indicate that it is being used by the permit holder to transport
5 alcoholic beverages.

6 (c) When transporting alcoholic beverages under this
7 section, the holder of a package store permit may not violate the
8 motor carrier laws of this state.

9 SECTION 87. Section 22.10, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 22.10. OPENING CONTAINERS PROHIBITED. Except as
12 authorized under Section 22.18 [~~52.01 of this code~~], a [~~no~~] person
13 may not break or open a container containing liquor or a malt
14 beverage [~~beer~~] or possess an opened container of liquor or a malt
15 beverage [~~beer~~] on the premises of a package store.

16 SECTION 88. Section 22.11, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 22.11. CONSUMPTION ON PREMISES PROHIBITED. Except as
19 authorized under Section 22.18 [~~52.01~~], a [~~no~~] person may not sell,
20 barter, exchange, deliver, or give away any drink or drinks of
21 alcoholic beverages from a container that has been opened or broken
22 on the premises of a package store.

23 SECTION 89. Chapter 22, Alcoholic Beverage Code, is amended
24 by adding Section 22.18 to read as follows:

25 Sec. 22.18. TASTINGS. (a) The holder of a package store
26 permit may conduct product tastings of distilled spirits, wine,
27 malt beverages, or spirit-based coolers on the permitted premises

1 during regular business hours as provided by this section.

2 (b) Written notification of a product tasting must be posted
3 on the premises of the package store permit holder not later than 48
4 hours before the tasting event. The notification shall clearly
5 state:

6 (1) the type and brand of alcoholic beverage to be
7 tasted;

8 (2) the date and hours the tasting is to take place;
9 and

10 (3) the address of the premises where the tasting is to
11 occur.

12 (c) A copy of the notification shall be kept on file and
13 available for inspection on the premises during all tasting hours.

14 (d) Sample portions at a product tasting shall be limited to
15 not more than:

16 (1) one-half ounce for distilled spirits;

17 (2) one ounce for wine; and

18 (3) one ounce for malt beverages and coolers.

19 (e) Not more than 20 different products may be made
20 available for tasting at any one time.

21 (f) No charge of any sort may be made for a sample serving.

22 (g) A person may be served more than one sample. Samples may
23 not be served to a minor or to an obviously intoxicated person. A
24 sample may not be removed from the permitted premises.

25 (h) During the tasting, not more than two containers of each
26 brand or type of product being tasted may be open on the premises at
27 one time.

1 (i) At the conclusion of the tasting, all empty or open
2 containers of alcoholic beverages used in the tasting shall be
3 removed from the premises or stored in a locked, secure area on the
4 permitted premises.

5 (j) A tasting event authorized by this section may not be
6 advertised except by on-site communications, by direct mail, by
7 electronic mail, or on the permit holder's Internet website.

8 (k) Except as provided by Subsection (l) or elsewhere in
9 this code, a person other than the package store permittee or the
10 permittee's agent or employee may not dispense or participate in
11 the dispensing of alcoholic beverages under this section.

12 (l) The holder of a distiller's or rectifier's permit or
13 nonresident seller's permit or that permit holder's agent or
14 employee may participate in and conduct product tastings of
15 alcoholic beverages at a retailer's premises and may open, touch,
16 or pour alcoholic beverages, make a presentation, or answer
17 questions at the tasting. Any alcoholic beverage tasted under this
18 subsection must be purchased from the package store permit holder
19 on whose premises the tasting is held. The permit holder may not
20 require the purchase of more alcoholic beverages than are necessary
21 for the tasting. This section does not authorize the holder of a
22 distiller's or rectifier's permit or nonresident seller's permit or
23 that permit holder's agent or employee to withdraw or purchase an
24 alcoholic beverage from the holder of a wholesaler's permit or
25 provide an alcoholic beverage for tasting on a retailer's premises
26 that is not purchased from the retailer.

27 (m) For the purposes of this code and any other law or

1 ordinance:

2 (1) a package store permit does not authorize the sale
3 of alcoholic beverages for on-premise consumption; and

4 (2) none of the permit holder's income may be
5 considered to be income from the sale of alcoholic beverages for
6 on-premise consumption.

7 SECTION 90. Section 23.01, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 23.01. AUTHORIZED ACTIVITIES. (a) The holder of a
10 local distributor's permit may:

11 (1) purchase alcoholic beverages, including malt
12 beverages, from wholesalers and distributors authorized to sell
13 them for resale, but may purchase only those brands available for
14 general distribution to all local distributor's permittees;

15 (2) sell and distribute the alcoholic beverages, including malt beverages,
16 including malt beverages, to mixed beverage and private club
17 registration permittees; ~~and~~

18 (3) sell and distribute distilled spirits to the
19 holder of a nonprofit entity temporary event permit; and

20 (4) rent or sell to mixed beverage and private club
21 registration permittees any equipment, fixtures, or supplies used
22 in the selling or dispensing of distilled spirits.

23 (b) A local distributor's permittee may purchase liquor
24 only from a wholesaler's~~[r]~~ or general class B wholesaler's~~[r or~~
25 ~~local class B wholesaler's]~~ permittee and may purchase only the
26 types of liquor the particular wholesaler is authorized by the
27 wholesaler's ~~[his]~~ permit to sell.

1 SECTION 91. Section 23.04, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 23.04. MAY TRANSFER BEVERAGES. (a) The [~~If the~~]
4 holder of a local distributor's permit [~~also holds a local cartage~~
5 ~~permit, he~~] may transfer alcoholic beverages:

6 (1) to any place where the sale of alcoholic beverages
7 is legal in the city or county where the permit holder's [~~his~~]
8 premises are located; and

9 (2) to a regional airport located all or partly in an
10 adjoining county if the airport is governed by a board, commission,
11 or authority, some of whose members reside in the county where the
12 local distributor's premises are located.

13 (b) The holder of a local distributor's permit may not
14 transport alcoholic beverages under Subsection (a) unless:

15 (1) the permit holder provides the commission with a
16 description, as required by the commission, of each motor vehicle
17 used by the permit holder to transport alcoholic beverages; and

18 (2) each motor vehicle is plainly marked or lettered
19 to indicate that it is being used by the permit holder to transport
20 alcoholic beverages.

21 (c) When transporting alcoholic beverages under this
22 section, the holder of a local distributor's permit may not violate
23 the motor carrier laws of this state.

24 SECTION 92. Section 24.01(a), Alcoholic Beverage Code, is
25 amended to read as follows:

26 (a) The holder of a wine only package store permit may:

27 (1) purchase [~~ale~~] wine[~~7~~] and vinous liquors in this

1 state from the holder of a winery, [~~wine bottler's,~~] wholesaler's,
2 or class B wholesaler's permit; [~~and~~]

3 (2) purchase malt beverages from the holder of a
4 general or branch distributor's license; and

5 (3) sell those beverages to consumers at retail on or
6 from the licensed premises in unbroken original containers of not
7 less than six ounces for off-premises consumption only and not for
8 the purpose of resale.

9 SECTION 93. Section 24.04, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 24.04. DESIGNATION OF PLACE OF STORAGE; TRANSPORT OF
12 BEVERAGES. (a) The owner of more than one wine only package store
13 [~~who is also the holder of a local cartage permit~~] may designate one
14 of the permit holder's [~~his~~] places of business as a place of
15 storage. The permit holder [~~He~~] may transfer alcoholic beverages
16 to and from the [~~his~~] place of storage and the permit holder's [~~his~~]
17 other stores in the same county, subject to rules prescribed by the
18 commission.

19 (b) A wine only package store permit holder may not
20 transport alcoholic beverages under Subsection (a) unless:

21 (1) the permit holder provides the commission with a
22 description, as required by the commission, of each motor vehicle
23 used by the permit holder to transport alcoholic beverages; and

24 (2) each motor vehicle is plainly marked or lettered
25 to indicate that it is being used by the permit holder to transport
26 alcoholic beverages.

27 (c) When transporting alcoholic beverages under this

1 section, the holder of a wine only package store permit may not
2 violate the motor carrier laws of this state.

3 SECTION 94. Section 24.05(c), Alcoholic Beverage Code, is
4 amended to read as follows:

5 (c) A person may not hold a wine and malt beverage [~~beer~~]
6 retailer's or wine and malt beverage [~~beer~~] retailer's off-premise
7 permit at the same location where the person holds a wine only
8 package store permit.

9 SECTION 95. Section 24.07, Alcoholic Beverage Code, is
10 amended to read as follows:

11 Sec. 24.07. [~~WHEN LICENSE ALSO HELD.~~] HOURS OF SALE[~~, ETC~~].
12 A holder of a wine only package store permit [~~who also holds a~~
13 ~~retail dealer's off-premise license for the same location~~] may
14 remain open and sell malt beverages [~~ale~~], wine, and vinous
15 liquors, [~~and beer,~~] for off-premises consumption only, on any day
16 and during the same hours that the holder of a wine and malt
17 beverage [~~beer~~] retailer's permit may sell malt beverages [~~ale,~~
18 ~~beer,~~] and wine, except that the permittee [~~he~~] may not sell wine or
19 vinous liquor containing more than 17 percent alcohol by volume on a
20 Sunday or after 10 p.m. on any day.

21 SECTION 96. Section 24.09, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 24.09. OPENING CONTAINERS PROHIBITED. Except as
24 provided by Section 24.12 [~~52.01~~], a person may not break or open a
25 container of liquor or malt beverages [~~beer~~] or possess an opened
26 container of liquor or malt beverages [~~beer~~] on the premises of a
27 wine only package store.

1 SECTION 97. Section 24.10, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 24.10. BEVERAGE FROM OPENED CONTAINER. Except as
4 provided by Section 24.12 [~~52.01~~], a person may not sell, barter,
5 exchange, deliver, or give away a drink of alcoholic beverage from a
6 container that has been opened or broken on the premises of a wine
7 only package store.

8 SECTION 98. Section 24.12, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 24.12. WINE AND MALT BEVERAGES [~~ALE~~] SAMPLING. (a)
11 The holder of a wine only package store permit may conduct free
12 product samplings of wine or malt beverages [~~ale~~] on the permit
13 holder's premises during regular business hours as provided by this
14 section.

15 (b) An agent or employee of the holder of a wine only package
16 store permit may open, touch, or pour wine or malt beverages [~~ale~~],
17 make a presentation, or answer questions at a sampling event.

18 (c) For the purposes of this code and any other law or
19 ordinance:

20 (1) a wine only package store permit does not
21 authorize the sale of alcoholic beverages for on-premise
22 consumption; and

23 (2) none of the permit holder's income may be
24 considered to be income from the sale of alcoholic beverages for
25 on-premise consumption.

26 (d) Any wine or malt beverages [~~ale~~] used in a sampling
27 event under this section must be purchased from or provided by the

1 retailer on whose premises the sampling event is held. The retailer
2 may not require the purchase of more alcoholic beverages than are
3 necessary for the tasting. This section does not authorize the
4 holder of a nonresident seller's permit or that permit holder's
5 agent or employee to withdraw or purchase an alcoholic beverage
6 from the holder of a wholesaler's permit or provide an alcoholic
7 beverage for tasting on a retailer's premises that is not purchased
8 from the retailer.

9 (e) When a sampling event under this section is held on the
10 premises of a wine only package store permit located in an area
11 which is wet for the sale of wine but which is not wet for the sale
12 of higher alcohol content wines that may be sold under an
13 unrestricted wine only package store permit, the only wines that
14 may be sampled are wines which may be legally sold by the wine only
15 package store permittee as restricted under Section 251.81.

16 (f) Written notification of a product tasting must be posted
17 on the premises of the wine only package store permit holder not
18 later than 48 hours before the tasting event. The notification
19 shall clearly state:

20 (1) the type and brand of alcoholic beverage to be
21 tasted;

22 (2) the date and hours the tasting is to take place;
23 and

24 (3) the address of the premises where the tasting is to
25 occur.

26 (g) A copy of the notification shall be kept on file and
27 available for inspection on the premises during all tasting hours.

1 (h) Sample portions at a product tasting shall be limited to
2 no more than:

3 (1) one ounce for wine; and

4 (2) one ounce for malt beverages and coolers.

5 (i) Not more than 20 different products may be made
6 available for tasting at any one time.

7 (j) No charge of any sort may be made for a sample serving.

8 (k) A person may be served more than one sample. Samples may
9 not be served to a minor or to an obviously intoxicated person. A
10 sample may not be removed from the permitted premises.

11 (l) During the tasting, not more than two containers of each
12 brand or type of product being tasted may be open on the premises at
13 one time.

14 (m) At the conclusion of the tasting, all empty or open
15 containers of alcoholic beverages used in the tasting shall be
16 removed from the premises or stored in a locked, secure area on the
17 permitted premises.

18 (n) A tasting event authorized by this section may not be
19 advertised except by on-site communications, by direct mail, by
20 electronic mail, or on the permit holder's Internet website.

21 (o) Except as provided by Subsection (p) or elsewhere in
22 this code, a person other than the wine only package store permittee
23 or the permittee's agent or employee may not dispense or
24 participate in the dispensing of alcoholic beverages under this
25 section.

26 (p) The holder of a nonresident seller's permit or that
27 permit holder's agent or employee may participate in and conduct

1 product tastings of alcoholic beverages at a retailer's premises
2 and may open, touch, or pour alcoholic beverages, make a
3 presentation, or answer questions at the tasting.

4 SECTION 99. The heading to Chapter 25, Alcoholic Beverage
5 Code, is amended to read as follows:

6 CHAPTER 25. WINE AND MALT BEVERAGE [~~BEER~~] RETAILER'S PERMIT

7 SECTION 100. Section 25.01, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 25.01. AUTHORIZED ACTIVITIES. The holder of a wine and
10 malt beverage [~~beer~~] retailer's permit may sell:

11 (1) for consumption on or off the premises where sold,
12 but not for resale, wine[~~, beer,~~] and malt beverages [~~liquors~~]
13 containing alcohol in excess of one-half of one percent by volume
14 and not more than 17 percent by volume; and

15 (2) for consumption on the premises traditional port
16 or sherry containing alcohol in excess of one-half of one percent by
17 volume and not more than 24 percent by volume.

18 SECTION 101. Effective September 1, 2019, the heading to
19 Section 25.03, Alcoholic Beverage Code, is amended to read as
20 follows:

21 Sec. 25.03. [~~RAILWAY CARS AND~~] EXCURSION BOATS: PERMITS,
22 FEES.

23 SECTION 102. Effective September 1, 2019, Sections 25.03(c)
24 and (d), Alcoholic Beverage Code, are amended to read as follows:

25 (c) Application for a permit for [~~a railway car or~~] an
26 excursion boat and payment of the required fee shall be made
27 directly to the commission.

1 (d) A permit for [~~a railway car or~~] an excursion boat is
2 inoperative in a dry area.

3 SECTION 103. (a) Effective December 31, 2020, Section
4 25.04(a), Alcoholic Beverage Code, is amended to read as follows:

5 (a) A wine and beer retailer's permit is issued by the
6 commission [~~or administrator~~]. The qualification of applicants and
7 the application for and issuance of the permit are governed by the
8 same provisions which apply to the application for and issuance of a
9 retail dealer's on-premise license.

10 (b) Effective September 1, 2021, Section 25.04, Alcoholic
11 Beverage Code, is amended to read as follows:

12 Sec. 25.04. ISSUANCE, CANCELLATION, AND SUSPENSION OF
13 PERMIT. (a) A wine and malt beverage [~~beer~~] retailer's permit is
14 issued by the commission [~~or administrator~~]. The qualification of
15 applicants and the application for and issuance of the permit are
16 governed by the same provisions which apply to the application for
17 and issuance of a retail dealer's on-premise license.

18 (b) The provisions of this code applicable to the
19 cancellation and suspension of a retail dealer's on-premise license
20 also apply to the cancellation and suspension of a wine and malt
21 beverage [~~beer~~] retailer's permit.

22 SECTION 104. (a) Effective December 31, 2020, Section
23 25.05(a), Alcoholic Beverage Code, is amended to read as follows:

24 (a) On receipt of an original application for a wine and
25 beer retailer's permit, the commission [~~county judge~~] shall give
26 notice of all hearings before the commission [~~him~~] concerning the
27 application to [~~the commission,~~] the sheriff[~~r~~] and the chief of

1 police of the incorporated city in which, or nearest which, the
2 premises for which the permit is sought are located.

3 (b) Effective September 1, 2021, Section 25.05(a),
4 Alcoholic Beverage Code, is amended to read as follows:

5 (a) On receipt of an original application for a wine and
6 malt beverage [~~beer~~] retailer's permit, the commission [~~county~~
7 ~~judge~~] shall give notice of all hearings before the commission
8 [~~him~~] concerning the application to [~~the commission,~~] the
9 sheriff[~~r~~] and the chief of police of the incorporated city in
10 which, or nearest which, the premises for which the permit is sought
11 are located.

12 SECTION 105. (a) Effective December 31, 2020, Sections
13 25.06(a), (b), and (c), Alcoholic Beverage Code, are amended to
14 read as follows:

15 (a) The commission [~~county judge~~] shall deny an original
16 application for a wine and beer retailer's permit if the commission
17 [~~he~~] finds that the applicant, or the applicant's spouse, during
18 the five years immediately preceding the application, was finally
19 convicted of a felony or one of the following offenses:

- 20 (1) prostitution;
- 21 (2) a vagrancy offense involving moral turpitude;
- 22 (3) bookmaking;
- 23 (4) gambling or gaming;
- 24 (5) an offense involving controlled substances as
25 defined in Chapter 481, Health and Safety Code, or other dangerous
26 drugs;
- 27 (6) a violation of this code resulting in the

1 cancellation of a license or permit, or a fine of not less than
2 \$500;

3 (7) more than three violations of this code relating
4 to minors;

5 (8) bootlegging; or

6 (9) an offense involving firearms or a deadly weapon.

7 (b) The commission [~~county judge~~] shall also deny an
8 original application for a permit if the commission [~~he~~] finds that
9 five years have not elapsed since the termination of a sentence,
10 parole, or probation served by the applicant or the applicant's
11 spouse because of a felony conviction or conviction of any of the
12 offenses described in Subsection (a) [~~of this section~~].

13 (c) The commission shall deny an application for [~~refuse to~~
14 ~~issue~~] a renewal of a wine and [~~or~~] beer retailer's permit if the
15 commission [~~it~~] finds:

16 (1) that the applicant, or the applicant's spouse, has
17 been convicted of a felony or one of the offenses listed in
18 Subsection (a) [~~of this section~~] at any time during the five years
19 immediately preceding the filing of the application for renewal; or

20 (2) that five years have not elapsed since the
21 termination of a sentence, parole, or probation served by the
22 applicant, or the applicant's spouse, of a felony conviction or
23 conviction of any of the offenses described in Subsection (a) [~~of~~
24 ~~this section~~].

25 (b) Effective September 1, 2021, Sections 25.06(a) and (c),
26 Alcoholic Beverage Code, are amended to read as follows:

27 (a) The commission [~~county judge~~] shall deny an original

1 application for a wine and malt beverage [~~beer~~] retailer's permit
2 if the commission [~~he~~] finds that the applicant, or the applicant's
3 spouse, during the five years immediately preceding the
4 application, was finally convicted of a felony or one of the
5 following offenses:

- 6 (1) prostitution;
- 7 (2) a vagrancy offense involving moral turpitude;
- 8 (3) bookmaking;
- 9 (4) gambling or gaming;
- 10 (5) an offense involving controlled substances as
11 defined in Chapter 481, Health and Safety Code, or other dangerous
12 drugs;
- 13 (6) a violation of this code resulting in the
14 cancellation of a license or permit, or a fine of not less than
15 \$500;
- 16 (7) more than three violations of this code relating
17 to minors;
- 18 (8) bootlegging; or
- 19 (9) an offense involving firearms or a deadly weapon.

20 (c) The commission shall deny an application for [~~refuse to~~
21 ~~issue~~] a renewal of a wine and malt beverage [~~or beer~~] retailer's
22 permit if the commission [~~it~~] finds:

- 23 (1) that the applicant, or the applicant's spouse, has
24 been convicted of a felony or one of the offenses listed in
25 Subsection (a) [~~of this section~~] at any time during the five years
26 immediately preceding the filing of the application for renewal; or
27 (2) that five years have not elapsed since the

1 termination of a sentence, parole, or probation served by the
2 applicant, or the applicant's spouse, of a felony conviction or
3 conviction of any of the offenses described in Subsection (a) [~~of~~
4 ~~this section~~].

5 SECTION 106. Section 25.09, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 25.09. POSSESSION OF CERTAIN BEVERAGES PROHIBITED.

8 (a) Except as provided by this section, a wine and malt beverage
9 [~~beer~~] retailer's permittee or an officer of the permittee may not
10 possess distilled spirits or liquor containing alcohol in excess of
11 17 percent by volume on the licensed premises.

12 (b) The commission by rule may allow a wine and malt
13 beverage [~~beer~~] retailer's permittee or the permittee's officer to
14 possess and use alcoholic beverages in excess of 17 percent by
15 volume on the licensed premises for cooking purposes.

16 SECTION 107. Section 25.10, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 25.10. APPLICATION OF OTHER CODE PROVISIONS. Sections
19 61.78, 61.81, 61.82, and 61.84 [~~of this code~~] also apply to a wine
20 and malt beverage [~~beer~~] retailer's permit. The restrictions in
21 this code relating to malt beverages [~~beer~~] as to the application of
22 local restrictions, sales to minors and intoxicated persons, age of
23 employees, and the use of blinds or barriers apply to the sale of
24 alcoholic beverages by a wine and malt beverage [~~beer~~] retailer's
25 permittee.

26 SECTION 108. Section 25.11, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 25.11. SEATING AREA REQUIRED. A wine and malt beverage
2 [~~beer~~] retailer's permittee must have an area designated on the
3 premises for the permittee's customers to sit if they wish to
4 consume beverages sold by the permittee on the premises.

5 SECTION 109. Section 25.12(a), Alcoholic Beverage Code, is
6 amended to read as follows:

7 (a) Notwithstanding any provision of this code to the
8 contrary, the premises of a wine and malt beverage [~~beer~~]
9 retailer's permittee who leases space in a food court includes the
10 seating area that the permittee shares with the other lessees that
11 occupy the food court.

12 SECTION 110. Sections 25.13(a), (a-1), and (d), Alcoholic
13 Beverage Code, are amended to read as follows:

14 (a) In this section, "location" means the designated
15 physical address of the wine and malt beverage [~~beer~~] retailer's
16 permit and includes all areas at the address where the permit holder
17 may sell or deliver alcoholic beverages for immediate consumption
18 regardless of whether some of those areas are occupied by other
19 businesses.

20 (a-1) A holder of a wine and malt beverage [~~beer~~] retailer's
21 permit may be issued a food and beverage certificate by the
22 commission if the commission finds that the receipts from the sale
23 of alcoholic beverages by the permit holder at the location are 60
24 percent or less of the total receipts from the location.

25 (d) A certificate issued under this section expires on the
26 expiration of the primary wine and malt beverage [~~beer~~] retailer's
27 permit. A certificate may be canceled at any time, and the renewal

1 of a certificate may be denied, if the commission finds that the
2 holder of the certificate is in violation of Subsection (a-1) or (b)
3 or a rule adopted under Subsection (b-1). On finding that the
4 permittee knowingly operated under a food and beverage certificate
5 while not complying with this section or a rule adopted under
6 Subsection (b-1), the commission may cancel or deny the renewal of
7 the permittee's wine and malt beverage [~~beer~~] retailer's
8 permit. The holder of a wine and malt beverage [~~beer~~] retailer's
9 permit whose certificate has been canceled or who is denied renewal
10 of a certificate under this subsection may not apply for a new
11 certificate until the day after the first anniversary of the date
12 the certificate was canceled or the renewal of the certificate was
13 denied.

14 SECTION 111. Section 25.14(a), Alcoholic Beverage Code, is
15 amended to read as follows:

16 (a) Notwithstanding any other provision of this code, a
17 permit under this chapter may be issued for a premises in an area in
18 which the voters have approved the following alcoholic beverage
19 ballot issues in a local option election:

20 (1) "The legal sale of malt beverages [~~beer~~] and wine
21 for off-premise consumption only."; and

22 (2) either:

23 (A) "The legal sale of mixed beverages."; or

24 (B) "The legal sale of mixed beverages in
25 restaurants by food and beverage certificate holders only."

26 SECTION 112. Chapter 25, Alcoholic Beverage Code, is
27 amended by adding Section 25.15 to read as follows:

1 Sec. 25.15. SALES AT TEMPORARY LOCATION. (a) The holder of
2 a wine and malt beverage retailer's permit may temporarily at a
3 location other than the permit holder's premises sell for
4 consumption on or off the premises where sold, but not for resale,
5 wine and malt beverages containing alcohol in excess of one-half of
6 one percent by volume but not more than 17 percent by volume at a
7 picnic, celebration, or similar event.

8 (b) The holder of a wine and malt beverage retailer's permit
9 may temporarily sell wine and malt beverages for not more than four
10 consecutive days at the same location under Subsection (a) and not
11 more than five consecutive days at an event under Subsection (d) or
12 six days if necessary to accommodate the postponement of scheduled
13 racing events due to an act of nature.

14 (c) The commission shall adopt rules to implement this
15 section, including rules that:

16 (1) require the permit holder to notify the commission
17 of the dates on which and location where the permit holder will
18 temporarily offer wine and malt beverages for sale under this
19 section;

20 (2) establish a procedure to verify the wet or dry
21 status of the location where the permit holder intends to
22 temporarily sell wine and malt beverages under this section;

23 (3) detail the circumstances when a permit holder may
24 temporarily sell wine and malt beverages under this section with
25 only a notification to the commission and the circumstances that
26 require the commission's preapproval before a permit holder may
27 temporarily sell wine and malt beverages under this section;

1 (4) establish the length of time a permit holder may
2 sell wine and malt beverages under this section at the same
3 location; and

4 (5) require the permit holder to provide any other
5 information the commission determines necessary.

6 (d) The holder of a wine and malt beverage retailer's permit
7 may temporarily sell wine and malt beverages in an area of a
8 facility with a seating capacity of more than 150,000 that is open
9 to the public and not otherwise covered by a license or permit
10 during a motor vehicle racing event sponsored by a professional
11 motor racing association.

12 (e) The holder of a wine and malt beverage retailer's permit
13 who temporarily sells wine and malt beverages under Subsection (d)
14 may not:

15 (1) sell under this section at the facility more than
16 four times in a calendar year;

17 (2) sell alcoholic beverages in factory-sealed
18 containers;

19 (3) sell more than two drinks to a single consumer at
20 one time;

21 (4) sell alcoholic beverages at more than 50 percent
22 of the food and beverage concession stands that are open for
23 business at any one time; and

24 (5) sell alcoholic beverages after:

25 (A) 75 percent of the feature race is complete on
26 the day that race is held; and

27 (B) one hour before the scheduled completion of

1 the last spectator event on a day other than the feature race day.

2 (f) A holder of a wine and malt beverage retailer's permit
3 that sells wine or malt beverages under that permit in a county
4 other than the county in which the premises covered by the permit is
5 located must:

6 (1) purchase the beverages from a distributor or
7 wholesaler authorized under this code to sell the beverages in the
8 county in which the permit holder sells the beverages under this
9 section; and

10 (2) report to the commission, in the manner prescribed
11 by the commission by rule, the amount of beverages purchased and
12 sold under this section, by type.

13 SECTION 113. The heading to Chapter 26, Alcoholic Beverage
14 Code, is amended to read as follows:

15 CHAPTER 26. WINE AND MALT BEVERAGE [~~BEER~~] RETAILER'S OFF-PREMISE
16 PERMIT

17 SECTION 114. Section 26.01, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 26.01. AUTHORIZED ACTIVITIES. (a) The holder of a
20 wine and malt beverage [~~beer~~] retailer's off-premise permit may
21 sell for off-premises consumption only, in unbroken original
22 containers, but not for resale, wine[~~, beer,~~] and malt beverages
23 [~~liquors~~] containing alcohol in excess of one-half of one percent
24 by volume but not more than 17 percent by volume.

25 (b) The holder of a wine and malt beverage [~~beer~~] retailer's
26 off-premise permit may conduct free product samplings of wine[~~, beer,~~
27 ~~beer,~~] and malt beverages [~~liquor~~] containing alcohol in excess of

1 one-half of one percent by volume but not more than 17 percent by
2 volume on the permit holder's premises during regular business
3 hours as provided by Section 26.08.

4 SECTION 115. (a) Effective December 31, 2020, Section
5 26.03(a), Alcoholic Beverage Code, is amended to read as follows:

6 (a) A wine and beer retailer's off-premise permit is issued
7 by the commission [~~or administrator~~]. The qualifications of
8 applicants and the application for and issuance of the permit are
9 governed by the same provisions which apply to the application for
10 and issuance of a retail dealer's off-premise license.

11 (b) Effective September 1, 2021, Section 26.03, Alcoholic
12 Beverage Code, is amended to read as follows:

13 Sec. 26.03. ISSUANCE, CANCELLATION, AND SUSPENSION OF
14 PERMIT. (a) A wine and malt beverage [~~beer~~] retailer's off-premise
15 permit is issued by the commission [~~or administrator~~]. The
16 qualifications of applicants and the application for and issuance
17 of the permit are governed by the same provisions which apply to the
18 application for and issuance of a retail dealer's off-premise
19 license.

20 (b) The provisions of this code applicable to the
21 cancellation and suspension of a retail dealer's off-premise
22 license also apply to the cancellation and suspension of a wine and
23 malt beverage [~~beer~~] retailer's off-premise permit.

24 SECTION 116. Section 26.04, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 26.04. APPLICATION OF OTHER CODE PROVISIONS. Sections
27 61.78, 61.81, 61.82, and 61.84 [~~of this code~~] also apply to a wine

1 and malt beverage [~~beer~~] retailer's off-premise permit. The
2 restrictions in this code relating to malt beverages [~~beer~~] as to
3 the application of local restrictions, sales to minors and
4 intoxicated persons, and age of employees apply to the sale of
5 alcoholic beverages by a wine and malt beverage [~~beer~~] retailer's
6 off-premise permittee.

7 SECTION 117. Section 26.05(a), Alcoholic Beverage Code, is
8 amended to read as follows:

9 (a) Each holder of a wine and malt beverage [~~beer~~]
10 retailer's off-premise permit shall display in a prominent place on
11 the permittee's [~~his~~] premises a sign stating in letters at least
12 two inches high: IT IS A CRIME (MISDEMEANOR) TO CONSUME LIQUOR OR
13 MALT BEVERAGES [~~BEER~~] ON THESE PREMISES. The commission or
14 administrator may require the holder of the permit to also display
15 the sign in a language other than English if it can be observed or
16 determined that a substantial portion of the expected customers
17 speak the other language as their familiar language.

18 SECTION 118. Section 26.08, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 26.08. SAMPLING EVENT. (a) An employee of the holder
21 of a wine and malt beverage [~~beer~~] retailer's off-premise permit
22 may open, touch, or pour wine[~~, beer,~~] or malt beverages [~~liquor~~],
23 make a presentation, or answer questions at a sampling event.

24 (b) For purposes of this code and any other law or
25 ordinance:

26 (1) a wine and malt beverage [~~beer~~] retailer's
27 off-premise permit does not authorize the sale of alcoholic

1 beverages for on-premises consumption; and

2 (2) none of the permit holder's income may be
3 considered to be income from the sale of alcoholic beverages for
4 on-premises consumption.

5 (c) Any wine[~~, beer,~~] or malt beverages [~~liquor~~] used in a
6 sampling event under this section must be purchased from or
7 provided by the retailer on whose premises the sampling event is
8 held. This section does not authorize the holder of a wine and malt
9 beverage [~~beer~~] retailer's off-premise permit to withdraw or
10 purchase alcoholic beverages from the holder of a wholesaler's
11 permit or a distributor's license or provide alcoholic beverages
12 for a sampling on a retailer's premises that is not purchased from
13 the retailer. The amount of alcoholic beverages purchased from the
14 retailer may not exceed the amount of alcoholic beverages used in
15 the sampling event.

16 SECTION 119. Sections 28.01(b) and (c), Alcoholic Beverage
17 Code, are amended to read as follows:

18 (b) The holder of a mixed beverage permit for an
19 establishment in a hotel may deliver mixed beverages, including
20 wine and malt beverages [~~beer~~], to individual rooms of the hotel or
21 to any other location in the hotel building or grounds, except a
22 parking area or the licensed premises of another alcoholic beverage
23 establishment, without regard to whether the place of delivery is
24 part of the licensed premises. A permittee in a hotel may allow a
25 patron or visitor to enter or leave the licensed premises, even
26 though the patron or visitor possesses an alcoholic beverage, if
27 the beverage is in an open container and appears to be possessed for

1 present consumption.

2 (c) The holder of a mixed beverage permit may also:

3 (1) purchase wine[~~, beer, ale,~~] and malt beverages
4 [~~liquor~~] containing alcohol of not more than 21 percent by volume in
5 containers of any legal size from any permittee or licensee
6 authorized to sell those beverages for resale; and

7 (2) sell the wine[~~, beer, ale,~~] and malt beverages
8 [~~liquor~~] for consumption on the licensed premises.

9 SECTION 120. Section 28.07, Alcoholic Beverage Code, is
10 amended by amending Subsections (b) and (c) and adding Subsection
11 (d) to read as follows:

12 (b) If a holder of a mixed beverage permit is in a county
13 where there are no local distributors, the permit holder [~~he~~] may
14 purchase alcoholic beverages in the nearest county where local
15 distributors are located and may transport them to the permit
16 holder's [~~his~~] premises [~~provided that he is also a holder of a~~
17 ~~beverage cartage permit~~]. The transporter may acquire the
18 alcoholic beverages only on the written order of the holder of the
19 mixed beverage permit. The alcoholic beverages must be accompanied
20 by a written statement furnished and signed by the local
21 distributor showing the name and address of the consignee and
22 consignor, the origin and destination of the shipment, and any
23 other information required by the commission or administrator. The
24 person in charge of the alcoholic beverages while they are being
25 transported shall exhibit the written statement to any
26 representative of the commission or any peace officer on demand,
27 and the statement shall be accepted by the representative or

1 officer as prima facie evidence of the lawful right to transport the
2 alcoholic beverages.

3 (c) If a mixed beverage permittee's [~~permittee holds a~~
4 ~~beverage cartage permit and his~~] premises are located in a regional
5 airport governed by a board, commission, or authority composed of
6 members from two or more counties, and there is no local distributor
7 at the airport, the mixed beverage permittee may purchase alcoholic
8 beverages from any local distributor in a trade area served by the
9 airport and transport the alcoholic beverages [~~them~~] to the permit
10 holder's [~~his~~] licensed premises. The transportation of the
11 beverages must be in accordance with Subsection (b) [~~of this~~
12 ~~section~~].

13 (d) The holder of a mixed beverage permit may transfer
14 alcoholic beverages from the place of purchase to the permitted
15 premises as provided in this code.

16 SECTION 121. Section 28.10(b), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (b) A mixed beverage permittee may not permit any person to
19 take any alcoholic beverage purchased on the licensed premises from
20 the premises where sold, except that:

21 (1) a person who orders wine with food and has a
22 portion of the open container remaining may remove the open
23 container of wine from the premises; and

24 (2) a mixed beverage permittee who also holds a
25 brewpub license may sell or offer without charge on the premises of
26 the brewpub, to an ultimate consumer for consumption on or off the
27 premises, malt beverages [~~liquor, ale, or beer~~] produced by the

1 permittee, in or from a lawful container in an amount that does not
2 exceed one-half barrel, provided that the aggregate amount of malt
3 beverages [~~liquor, ale, and beer~~] removed from the premises under
4 this subdivision does not exceed 1,000 barrels annually.

5 SECTION 122. Chapter 28, Alcoholic Beverage Code, is
6 amended by adding Section 28.19 to read as follows:

7 Sec. 28.19. SALES AT TEMPORARY LOCATION. (a) The holder of
8 a mixed beverage permit may temporarily sell authorized alcoholic
9 beverages at:

10 (1) a picnic, celebration, or similar event; or

11 (2) a place other than the premises for which the
12 holder's mixed beverage permit is issued only in:

13 (A) an area where the sale of mixed beverages has
14 been authorized by a local option election; or

15 (B) an area that:

16 (i) is adjacent to a county with a home-rule
17 municipality with a population of more than 350,000:

18 (a) that has in its charter a
19 provision allowing for limited purpose annexation for zoning;

20 (b) that has previously disannexed
21 territory annexed for limited purposes; and

22 (c) that allows the sale of mixed
23 beverages;

24 (ii) does not comprise an entire county;

25 and

26 (iii) is not within the corporate limits of
27 a municipality.

1 (b) Distilled spirits sold at a temporary location under
2 this section must be purchased from the holder of a local
3 distributor's permit.

4 (c) The commission shall adopt rules to implement this
5 section, including rules that:

6 (1) require the permit holder to notify the commission
7 of the dates on which and location where the permit holder will
8 temporarily offer alcoholic beverages for sale under this section;

9 (2) establish a procedure to verify the wet or dry
10 status of the location where the permit holder intends to
11 temporarily sell alcoholic beverages under this section;

12 (3) detail the circumstances when a permit holder may
13 temporarily sell alcoholic beverages under this section with only a
14 notification to the commission and the circumstances that require
15 the commission's preapproval before a permit holder may temporarily
16 sell alcoholic beverages under this section;

17 (4) establish the length of time a permit holder may
18 sell alcoholic beverages under this section at the same location;
19 and

20 (5) require the permit holder to provide any other
21 information the commission determines necessary.

22 (d) Notwithstanding any other law, the temporary sale of
23 alcoholic beverages by a mixed beverage permit holder under this
24 section in an area located on property owned by a municipality that
25 contains a municipally owned conference center and that borders a
26 lake may permit a patron to leave the area, even though the patron
27 possesses an alcoholic beverage, if:

1 may sell or serve the alcoholic beverages the holder is authorized
2 to sell or serve under its primary permit or license [~~mixed~~
3 ~~beverages~~] on Sunday between the hours of 1:00 a.m. and 2 a.m. and
4 on any other day between the hours of 12 midnight and 2 a.m. if the
5 premises covered by the license or permit are in an area where the
6 sale or service of those alcoholic [~~mixed~~] beverages during those
7 hours is authorized by this code.

8 [~~Sec. 29.02. FEE. The annual state fee for a mixed beverage~~
9 ~~late hours permit is \$150.~~]

10 Sec. 29.03. ISSUANCE OF CERTIFICATE AUTHORIZED FOR CERTAIN
11 AREAS. (a) Notwithstanding any other provision of this code, a
12 retailer late hours certificate may be issued to the holder of a
13 retail dealer's on-premise license in an area in which the voters
14 have approved the following alcoholic beverage ballot issues in a
15 local option election:

16 (1) either:

17 (A) "The legal sale of beer and wine for
18 off-premise consumption only."; or

19 (B) "The legal sale of malt beverages and wine
20 for off-premise consumption only."; and

21 (2) either:

22 (A) "The legal sale of mixed beverages."; or

23 (B) "The legal sale of mixed beverages in
24 restaurants by food and beverage certificate holders only."

25 (b) A premises that qualifies for a certificate under this
26 chapter because it is located in an area that approved the ballot
27 issue described by Subsection (a)(2)(B) may be issued a certificate

1 under this chapter only if the premises is issued a food and
2 beverage certificate [~~APPLICATION OF PROVISIONS REGULATING MIXED~~
3 ~~BEVERAGE PERMITS.~~ All provisions of this code which apply to a
4 ~~mixed beverage permit also apply to a mixed beverage late hours~~
5 ~~permit~~].

6 SECTION 124. Chapter 30, Alcoholic Beverage Code, is
7 amended to read as follows:

8 CHAPTER 30. NONPROFIT ENTITY [~~DAILY~~] TEMPORARY EVENT [~~MIXED~~
9 ~~BEVERAGE~~] PERMIT

10 Sec. 30.01. DEFINITION. In this chapter, "nonprofit
11 entity" means:

- 12 (1) a nonprofit corporation;
13 (2) a nonprofit charitable, civic, or religious
14 organization;
15 (3) a political party or political association
16 supporting a candidate for public office or a proposed amendment to
17 the Texas Constitution or other ballot measure;
18 (4) a fraternal organization with a regular membership
19 that has been in continuous existence for more than five years; or
20 (5) a person or group of persons who are subject to
21 recordkeeping requirements under Chapter 254, Election Code.

22 Sec. 30.02. AUTHORIZED ACTIVITIES. The holder of a
23 nonprofit entity [~~daily~~] temporary event [~~mixed beverage~~] permit
24 may sell [~~mixed beverages~~] for consumption on the premises for
25 which the permit is issued any alcoholic beverage that is
26 authorized to be sold where the event is held.

27 Sec. 30.03. [~~Sec. 30.02. FEE.~~ The state fee for a daily

1 ~~temporary mixed beverage permit is \$50 per day.~~

2 ~~[Sec. 30.03.]~~ ISSUANCE OF PERMIT. ~~[(a)]~~ The commission may~~[,~~
3 ~~in its discretion,~~] issue ~~[on]~~ a nonprofit entity temporary event
4 ~~[basis a daily temporary mixed beverage]~~ permit to a nonprofit
5 entity for the sale of alcoholic beverages at an event sponsored by
6 the permit holder including ~~[. A daily temporary mixed beverage~~
7 ~~permit may be issued only to a holder of a mixed beverage permit for~~
8 ~~the temporary sale of authorized alcoholic beverages at]~~ picnics,
9 celebrations, or similar events ~~[, or to a political party or~~
10 ~~political association supporting a candidate for public office or a~~
11 ~~proposed amendment to the Texas Constitution or other ballot~~
12 ~~measure, to an organization formed for a specific charitable or~~
13 ~~civic purpose, to a fraternal organization in existence for over~~
14 ~~five years with a regular membership, or to a religious~~
15 ~~organization. The commission shall not issue more than 10~~
16 ~~temporary mixed beverage permits in each calendar year to a person~~
17 ~~who does not also hold a mixed beverage permit].~~

18 ~~[(b) The provisions of this code which apply to the~~
19 ~~application for and issuance of other permits do not apply to the~~
20 ~~application and issuance of a daily temporary mixed beverage~~
21 ~~permit.]~~

22 Sec. 30.04. NOTATION OF DATES PERMIT IS VALID. When issuing
23 a nonprofit entity temporary event permit under this chapter, the
24 commission shall, on the face of the permit, indicate the dates on
25 which the permit is valid.

26 Sec. 30.05. PURCHASE OF DISTILLED SPIRITS. Distilled
27 spirits sold by the holder of a nonprofit entity ~~[under a daily]~~

1 temporary event [~~mixed beverage~~] permit must be purchased from the
2 holder of a local distributor's permit.

3 Sec. 30.06 [~~30.05~~]. AUCTION OF ALCOHOLIC BEVERAGES. (a)
4 The holder of a nonprofit entity temporary event permit may auction
5 alcoholic beverages, for consumption off premises, to raise money
6 to support the stated purpose of the permit holder.

7 (b) The proceeds from an auction authorized by this section
8 shall be deposited to the account of the holder of a nonprofit
9 entity temporary event permit.

10 (c) The holder of a nonprofit entity temporary event permit
11 may not:

12 (1) auction distilled spirits or wine that has not
13 been donated to the organization;

14 (2) auction alcoholic beverages if any taxes are owed
15 on the beverages; or

16 (3) pay a commission or promotional allowance to a
17 person to:

18 (A) arrange or conduct an auction under this
19 section; or

20 (B) arrange the donation of alcoholic beverages
21 to be auctioned by the organization [~~APPLICATION OF PROVISIONS~~
22 ~~REGULATING MIXED BEVERAGE PERMITS. All provisions of this code~~
23 ~~applicable to a mixed beverage permit also apply to a daily~~
24 ~~temporary mixed beverage permit unless there is a special provision~~
25 ~~to the contrary].~~

26 Sec. 30.07 [~~30.06~~]. APPLICATION OF OTHER LAW. Section
27 11.39 does not apply to an applicant for a nonprofit entity

1 temporary event permit.

2 Sec. 30.08. ADOPTION OF RULES. The commission shall [~~may~~]
3 adopt rules which it determines to be necessary to implement and
4 administer the provisions of this chapter, including:

5 (1) limitations on the number of times during any
6 calendar year a nonprofit entity [~~qualified organization~~] may be
7 issued a permit under this chapter, which may vary based on the type
8 of entity and other factors the commission determines relevant;

9 (2) the duration for a permit issued under this
10 chapter which may vary depending on the length of the event for
11 which the permit is being issued; and

12 (3) penalties for a violation of this code or a rule
13 adopted under this code.

14 Sec. 30.09. EVENTS IN DRY AREA. (a) The commission may
15 issue a nonprofit entity temporary event permit to a nonprofit
16 corporation for a fund-raising event for the nonprofit corporation
17 that is located in a dry area.

18 (b) A nonprofit entity temporary event permit under this
19 section may only be issued for an event:

20 (1) in the county where the nonprofit corporation is
21 located; and

22 (2) that lasts not longer than eight hours.

23 (c) A nonprofit corporation may be issued only one nonprofit
24 entity temporary event permit under this section in each calendar
25 year.

26 (d) The commission by rule shall establish the procedure for
27 obtaining and operating under a nonprofit entity temporary event

1 permit issued under this section.

2 SECTION 125. Section 32.01(b), Alcoholic Beverage Code, is
3 amended to read as follows:

4 (b) An applicant for or the holder of a private club
5 registration permit may apply to the commission to have the
6 activities authorized under the permit restricted to the storage
7 and service of wine[~~, beer,~~] and malt beverages [~~liquor~~] for
8 members of the club. Except as otherwise provided by this chapter,
9 an applicant for or the holder of a permit that is restricted under
10 this subsection is subject to all the requirements of this chapter.
11 The commission may adopt rules as necessary to implement this
12 subsection.

13 SECTION 126. Section 32.08, Alcoholic Beverage Code, is
14 amended by amending Subsections (b) and (c) and adding Subsection
15 (d) to read as follows:

16 (b) If the club holding the permit is in an area where there
17 are no local distributors, alcoholic beverages may be purchased in
18 any area where local distributors are located and may be
19 transported to the club premises [~~if the club also holds a beverage~~
20 ~~cartage permit~~]. The transporter may acquire the alcoholic
21 beverages only on the written order of an officer or manager of the
22 club holding the permit. The alcoholic beverages must be
23 accompanied by a written statement furnished and signed by the
24 local distributor showing the name and address of the consignee and
25 consignor, the origin and destination of the shipment, and any
26 other information required by the commission or administrator. The
27 person in charge of the alcoholic beverages while they are being

1 transported shall exhibit the written statement to any
2 representative of the commission or any peace officer on demand,
3 and the statement shall be accepted by the representative or
4 officer as prima facie evidence of the lawful right to transport the
5 alcoholic beverages.

6 (c) If a private club registration permittee's [~~permittee~~
7 ~~holds a beverage cartage permit and his~~] premises are located in a
8 regional airport governed by a board, commission, or authority
9 composed of members from two or more counties, and there is no local
10 distributor at the airport, the private club registration permittee
11 may purchase alcoholic beverages from any local distributor in a
12 trade area served by the airport and transport the alcoholic
13 beverages [~~them~~] to the permit holder's [~~his~~] licensed premises.
14 The transportation of the beverages must be in accordance with
15 Subsection (b) [~~of this section~~].

16 (d) The holder of a private club registration permit may
17 transfer alcoholic beverages from the place of purchase to the
18 permitted premises as provided in this code.

19 SECTION 127. Sections 32.17(a) and (c), Alcoholic Beverage
20 Code, are amended to read as follows:

21 (a) The commission or administrator may cancel or suspend
22 for a period of time not exceeding 60 days, after notice and
23 hearing, an original or renewal private club registration permit on
24 finding that the permittee club has:

25 (1) sold, offered for sale, purchased, or held title
26 to any alcoholic beverage so as to constitute an open saloon;

27 (2) refused to allow an authorized agent or

1 representative of the commission or a peace officer to come on the
2 club premises for the purposes of inspecting alcoholic beverages
3 stored on the premises or investigating compliance with the
4 provisions of this code;

5 (3) refused to furnish the commission or its agent or
6 representative when requested any information pertaining to the
7 storage, possession, serving, or consumption of alcoholic
8 beverages on club premises;

9 (4) permitted or allowed any alcoholic beverages
10 stored on club premises to be served or consumed at any place other
11 than on the club premises;

12 (5) failed to maintain an adequate building at the
13 address for which the private club registration permit was issued;

14 (6) caused, permitted, or allowed any member of a club
15 in a dry area to store any liquor on club premises except under the
16 locker system;

17 (7) caused, permitted, or allowed any person to
18 consume or be served any alcoholic beverage on the club premises:

19 (A) at any time on Sunday between the hours of
20 1:15 a.m. and 10 a.m. or on any other day at any time between the
21 hours of 12:15 a.m. and 7 a.m., if the club does not have a retailer
22 [~~private club~~] late hours certificate [~~permit~~], except that an
23 alcoholic beverage served to a customer between 10 a.m. and 12 noon
24 on Sunday must be provided during the service of food to the
25 customer; or

26 (B) at any time on Sunday between the hours of 2
27 a.m. and 10 a.m. or on any other day at any time between the hours of

1 2 a.m. and 7 a.m., if the club has a retailer [~~private club~~] late
2 hours certificate [~~permit~~], except that an alcoholic beverage
3 served to a customer between 10 a.m. and 12 noon on Sunday must be
4 provided during the service of food to the customer; or

5 (8) violated or assisted, aided or abetted the
6 violation of any provision of this code.

7 (c) After notice and an opportunity for a hearing, the
8 commission or administrator may cancel or suspend the private club
9 registration permit of a permit holder who has restricted the
10 holder's authorized activities under the permit as provided by
11 Section 32.01(b) [~~of this code~~] on a determination that the permit
12 holder is storing or serving alcoholic beverages to club members
13 other than, or in addition to, wine[~~, beer,~~] and malt beverages
14 [~~liquor~~].

15 SECTION 128. Chapter 32, Alcoholic Beverage Code, is
16 amended by adding Section 32.25 to read as follows:

17 Sec. 32.25. SALES AT TEMPORARY LOCATION. (a) The holder of
18 a private club registration permit may temporarily serve authorized
19 alcoholic beverages at a picnic, celebration, or similar event:

20 (1) sponsored by:

21 (A) a political party or political association
22 supporting a candidate for public office or a proposed amendment to
23 the Texas Constitution or other ballot measure;

24 (B) a charitable or civic organization;

25 (C) a fraternal organization with a regular
26 membership that has been in continuous existence for more than five
27 years; or

1 (D) a religious organization; and
2 (2) that is located in the county where the private
3 club registration permit is issued.

4 (b) The holder of a private club registration permit may
5 temporarily serve alcoholic beverages under this section not more
6 than two times in each calendar year for the same party,
7 association, or organization.

8 (c) Distilled spirits served under this section must be
9 purchased from the holder of a local distributor's permit.

10 (d) The commission shall adopt rules to implement this
11 section, including rules that:

12 (1) require the permit holder to notify the commission
13 of the dates on which and location where the permit holder will
14 temporarily offer alcoholic beverages for sale under this section;

15 (2) establish a procedure to verify the wet or dry
16 status of the location where the permit holder intends to
17 temporarily sell alcoholic beverages under this section;

18 (3) detail the circumstances when a permit holder may
19 temporarily sell alcoholic beverages under this section with only a
20 notification to the commission and the circumstances that require
21 the commission's preapproval before a permit holder may temporarily
22 sell alcoholic beverages under this section; and

23 (4) require the permit holder to provide any other
24 information the commission determines necessary.

25 SECTION 129. Effective September 1, 2019, the heading to
26 Chapter 35, Alcoholic Beverage Code, is amended to read as follows:

1 CHAPTER 35. AGENTS [~~AGENT'S PERMIT~~]

2 SECTION 130. Effective September 1, 2019, Section 35.01,
3 Alcoholic Beverage Code, is amended to read as follows:

4 Sec. 35.01. AUTHORIZED ACTIVITIES. (a) An agent [~~The~~
5 ~~holder of an agent's permit~~] may:

6 (1) represent permittees other than retailers within
7 this state who are authorized to sell liquor to retail dealers in
8 the state; and

9 (2) solicit and take orders for the sale of liquor from
10 authorized permittees.

11 (b) A person acting as an agent may only represent one
12 permitted or licensed business at a time while soliciting or taking
13 orders.

14 SECTION 131. Effective September 1, 2019, Section 35.05,
15 Alcoholic Beverage Code, is amended to read as follows:

16 Sec. 35.05. SAMPLES. An agent [~~The holder of an agent's~~
17 ~~permit~~] may not transport or carry liquor as samples, but may carry
18 or display empty sample containers.

19 SECTION 132. Effective September 1, 2019, Section 35.06,
20 Alcoholic Beverage Code, is amended to read as follows:

21 Sec. 35.06. INELIGIBILITY TO SERVE AS NONRESIDENT SELLER'S
22 AGENT [~~FOR MANUFACTURER'S AGENT'S PERMIT~~]. A person acting as an
23 agent under this chapter [~~holding an agent's permit~~] may not act as
24 [be issued] a nonresident seller's agent under Chapter 36
25 [manufacturer's agent's permit].

26 SECTION 133. Effective September 1, 2019, Section 35.07,
27 Alcoholic Beverage Code, is amended to read as follows:

1 SECTION 137. Effective September 1, 2019, Section 36.05,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 36.05. SAMPLES. A nonresident seller's agent [~~The~~
4 ~~holder of a manufacturer's agent's permit~~] may not transport or
5 carry liquor as samples, but may carry or display empty sample
6 containers.

7 SECTION 138. Effective September 1, 2019, Section 36.06,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 36.06. SOLICITATION FROM HOLDER OF MIXED BEVERAGE OR
10 PRIVATE CLUB PERMIT. A nonresident seller's agent [~~holder of a~~
11 ~~manufacturer's agent's permit~~] may not solicit business directly or
12 indirectly from a holder of a mixed beverage permit or a private
13 club registration permit unless the agent [~~he~~] is accompanied by
14 the holder of a wholesaler's permit or the wholesaler's agent.

15 SECTION 139. Effective September 1, 2019, Section 36.07,
16 Alcoholic Beverage Code, is amended to read as follows:

17 Sec. 36.07. UNAUTHORIZED REPRESENTATION. A nonresident
18 seller's agent [~~holder of a manufacturer's agent's permit~~] in
19 soliciting or taking orders for the sale of liquor may not represent
20 that the agent is [~~himself as~~] an agent of a person other than the
21 person who employs the agent or who has authorized the agent to
22 represent the person [~~designated in his permit application~~].

23 SECTION 140. Effective September 1, 2019, Section 36.08,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 36.08. RESTRICTION AS TO SOURCE OF SUPPLY. A
26 nonresident seller's agent [~~manufacturer's agent's permittee~~] may
27 not represent a person with respect to an alcoholic beverage unless

1 the person represented is the primary American source of supply of
2 the beverage as defined in Section 37.10 [~~of this code~~].

3 SECTION 141. Section 37.01(b), Alcoholic Beverage Code, is
4 amended to read as follows:

5 (b) The holder of a nonresident seller's permit who owns a
6 winery [~~or brewery~~] outside of the state may conduct samplings of
7 the kinds of alcoholic beverages the permit holder is authorized to
8 produce, including tastings, at a retailer's premises. An
9 employee of the winery [~~or brewery~~] may open, touch, or pour the
10 alcoholic beverages, make a presentation, or answer questions at a
11 sampling event.

12 SECTION 142. Effective September 1, 2019, Section 37.01(c),
13 Alcoholic Beverage Code, is amended to read as follows:

14 (c) Any alcoholic beverages used in a sampling event under
15 this section must be purchased from the retailer on whose premises
16 the sampling event is held. This section does not authorize the
17 holder of a nonresident seller's permit or the [~~manufacturer's~~
18 ~~agent's~~] permit holder's agent to withdraw or purchase alcoholic
19 beverages from the holder of a wholesaler's permit or provide
20 alcoholic beverages for a sampling event on a retailer's premises
21 that is not purchased from the retailer. The amount of alcoholic
22 beverages purchased from the retailer may not exceed the amount of
23 alcoholic beverages used in the sampling event.

24 SECTION 143. Effective September 1, 2019, the heading to
25 Chapter 38, Alcoholic Beverage Code, is amended to read as follows:

26 CHAPTER 38. INDUSTRIAL USE OF ALCOHOL [~~PERMIT~~]

27 SECTION 144. Effective September 1, 2019, Section 38.01,

1 Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 38.01. AUTHORIZED ACTIVITIES. (a) In this section,
3 "industrial alcohol" means an alcohol that is produced for
4 industrial purposes only and is not fit for human consumption.

5 (b) A person may:

6 (1) manufacture, rectify, refine, transport, and
7 store industrial alcohol;

8 (2) denature industrial alcohol;

9 (3) sell denatured or industrial alcohol to qualified
10 persons inside or outside the state; and

11 (4) blend industrial alcohol with petroleum
12 distillates and sell or use the resulting product as a motor fuel.

13 (c) A person [~~The holder of an industrial permit~~] may
14 import, transport, and use alcohol or denatured alcohol for the
15 manufacture and sale of any of the following products:

16 (1) denatured alcohol;

17 (2) patent, proprietary, medicinal, pharmaceutical,
18 antiseptic, and toilet preparations;

19 (3) flavoring extracts, syrups, condiments, and food
20 products; and

21 (4) scientific, chemical, mechanical, and industrial
22 products, or products used for scientific, chemical, mechanical,
23 industrial, or medicinal purposes.

24 SECTION 145. Effective September 1, 2019, Section 38.05,
25 Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 38.05. OTHER CODE PROVISIONS INAPPLICABLE. The [~~No~~]
27 provisions of this code do not [~~other than this chapter~~] apply to

1 alcohol intended for industrial, medicinal, mechanical, or
2 scientific purposes.

3 SECTION 146. Effective September 1, 2019, Section 38.06,
4 Alcoholic Beverage Code, is amended to read as follows:

5 Sec. 38.06. ACTIVITIES TAX FREE. The taxes imposed by this
6 code do not apply to activities authorized in Section 38.01 [~~of this~~
7 ~~code~~].

8 SECTION 147. Section 43.01, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 43.01. AUTHORIZED ACTIVITIES. [~~(a)~~] A warehouse or
11 transfer company that holds a local cartage permit may transport
12 liquor for hire inside the corporate limits of any city or town in
13 the state.

14 [~~(b) A package store, wine only package store, or local~~
15 ~~distributor's permittee who also holds a local cartage permit may~~
16 ~~transfer alcoholic beverages in accordance with Sections 22.08,~~
17 ~~23.04, and 24.04 of this code.~~]

18 SECTION 148. Section 43.04, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 43.04. ELIGIBILITY FOR PERMIT. The commission may
21 issue a local cartage permit to a warehouse or transfer company [~~or~~
22 ~~to a holder of a package store, wine only package store, or local~~
23 ~~distributor's permit~~].

24 SECTION 149. Chapter 48, Alcoholic Beverage Code, is
25 amended to read as follows:

26 CHAPTER 48. PASSENGER TRANSPORTATION [~~TRAIN BEVERAGE~~] PERMIT

27 Sec. 48.01. AUTHORIZED ACTIVITIES. A [~~The holder of a~~]

1 passenger transportation permit authorizes the [~~train beverage~~]
2 permit holder to sell or serve the types [~~has the same rights with~~
3 ~~respect to the sale~~] of alcoholic beverages specifically authorized
4 by this chapter [~~on a passenger train to which this chapter applies~~
5 ~~as the holder of an airline beverage permit has with respect to the~~
6 ~~sale of alcoholic beverages on a commercial passenger airplane~~
7 ~~under Section 34.01 of this code~~].

8 Sec. 48.02. PERMIT FOR EXCURSION BOAT. (a) A passenger
9 transportation permit may be issued for:

10 (1) a regularly scheduled excursion boat which is
11 licensed by the United States Coast Guard to carry passengers on the
12 navigable waters of the state if the boat:

- 13 (A) carries at least 45 passengers;
14 (B) weighs at least 35 gross tons; and
15 (C) is at least 55 feet long; or

16 (2) a boat that:

- 17 (A) carries at least 350 passengers;
18 (B) weighs at least 90 gross tons; and
19 (C) is at least 80 feet long.

20 (b) The holder of a passenger transportation permit issued
21 under Subsection (a)(1) may sell the same alcoholic beverages as
22 the holder of a mixed beverage permit if:

23 (1) the home port of the boat is in an area where the
24 sale of mixed beverages is legal or the boat is regularly used for
25 voyages in international waters as provided by Subsection (h); and

26 (2) the owner or operator of the boat is the sole
27 permit holder for the boat.

1 (c) The holder of a passenger transportation permit issued
2 under Subsection (a)(1) may sell the same alcoholic beverages as
3 the holder of a wine and malt beverage retailer's permit if the home
4 port of the boat is in an area where the sale of malt beverages and
5 wine is legal.

6 (d) The holder of a passenger transportation permit issued
7 under Subsection (a)(2) may sell the same alcoholic beverages as
8 the holder of a mixed beverage permit if:

9 (1) the home port of the boat is in an area where the
10 sale of mixed beverages is legal; or

11 (2) the boat is regularly used for voyages in
12 international waters as provided by Subsection (h).

13 (e) A passenger transportation permit issued under this
14 section is inoperative in a dry area.

15 (f) For purposes of Section 11.38, the home port of the boat
16 is treated as the location of the permitted premises.

17 (g) The provisions of Section 109.53 that relate to
18 residency requirements and compliance with Texas laws of
19 incorporation do not apply to the holder of a passenger
20 transportation permit under this section.

21 (h) A passenger transportation permit may be issued under
22 this section to a boat regularly used for voyages in international
23 waters regardless of whether the sale of mixed beverages is lawful
24 in the area of the home port. A person having authority to deliver
25 alcoholic beverages to a passenger transportation permit holder in
26 the county where the permitted premises is located may deliver
27 alcoholic beverages purchased by the permit holder [FEE.—The

1 ~~annual fee for a passenger train beverage permit is \$500].~~

2 Sec. 48.03. ~~[ELIGIBILITY FOR]~~ PERMIT FOR AIRLINE. (a) A
3 ~~[The commission or administrator may issue a]~~ passenger
4 transportation ~~[train beverage]~~ permit may be issued to any
5 corporation operating a commercial airline in or through the state.

6 (b) The holder of a passenger transportation permit issued
7 under this section may:

8 (1) sell or serve alcoholic beverages in or from any
9 size container on a commercial passenger airplane operated in
10 compliance with a valid license, permit, or certificate issued
11 under the authority of the United States or of this state, even
12 though the plane, in the course of its flight, may cross an area in
13 which the sale of alcoholic beverages is prohibited; and

14 (2) store alcoholic beverages in sealed containers of
15 any size at any airport regularly served by the permittee, in
16 accordance with rules and regulations promulgated by the
17 commission.

18 (c) Only the holder of a package store permit may sell
19 liquor to the holder of a passenger transportation permit issued
20 under this section. For the purposes of this code, a sale of liquor
21 to a holder of a passenger transportation permit shall be
22 considered as a sale at retail to a consumer.

23 (d) The holder of a package store permit may sell liquor in
24 any size container authorized by Section 101.46 to holders of a
25 passenger transportation permit issued under this section, and may
26 purchase liquor in any size container for resale from the holders of
27 a wholesaler's permit. A holder of a wholesaler's permit may

1 import, sell, offer for sale, or possess for resale to package store
2 permittees to resell to holders of a passenger transportation
3 permit liquor in any authorized size containers.

4 (e) The preparation and service of alcoholic beverages by
5 the holder of a passenger transportation permit issued under this
6 section is exempt from a tax imposed by this code and from the tax
7 imposed by Chapter 151, Tax Code.

8 (f) Section 109.53 does not apply to a passenger
9 transportation permit issued under this section.

10 Sec. 48.04. PERMIT FOR PASSENGER TRAIN. (a) A passenger
11 transportation permit may be issued to any corporation organized
12 under the Business Organizations Code or former Title 112, Revised
13 Statutes, or under the Rail Passenger Service Act of 1970, as
14 amended (45 U.S.C.A. Section 501 et seq.), operating a commercial
15 passenger train service in or through the state.

16 (b) The holder of a passenger transportation permit issued
17 under this section may sell or serve alcoholic beverages in or from
18 any size container on a passenger train even though the train, in
19 the course of its travel, may cross an area in which the sale of
20 alcoholic beverages is prohibited [~~Application and payment of the~~
21 ~~fee shall be made directly to the commission~~].

22 (c) [Sec. 48.04. EXEMPTION FROM TAXES.] The preparation
23 and service of alcoholic beverages by the holder of a passenger
24 transportation [~~train beverage~~] permit issued under this section is
25 exempt from a tax imposed by this code [~~chapter~~] and from the tax
26 imposed by Chapter 151, Tax Code.

27 (d) Section 109.53 does not apply to a passenger

1 transportation permit issued under this section.

2 Sec. 48.05. PERMIT FOR PASSENGER BUS. (a) A [~~INAPPLICABLE~~
3 ~~PROVISION.~~ ~~Section 109.53 of this code does not apply to a~~
4 passenger transportation [~~train beverage~~] permit may be issued to
5 any corporation operating a commercial passenger bus service in or
6 through the state using a passenger bus that:

7 (1) is designed and used for the regularly scheduled
8 intercity transportation of passengers for compensation;

9 (2) is characterized by integral construction with:

10 (A) an elevated passenger deck over a baggage
11 compartment;

12 (B) a passenger seating capacity of at least 16
13 and not more than 36; and

14 (C) a separate galley area;

15 (3) is at least 35 feet in length; and

16 (4) while transporting passengers for compensation,
17 also transports an attendant who:

18 (A) is not the operator of the bus; and

19 (B) has attended a commission-approved seller
20 training program.

21 (b) The holder of a passenger transportation permit issued
22 under this section may:

23 (1) sell or serve alcoholic beverages in or from any
24 size container on a passenger bus even though the bus, in the course
25 of its drive, may cross an area in which the sale of alcoholic
26 beverages is prohibited; and

27 (2) store alcoholic beverages at the permitted

1 location.

2 (c) The preparation and service of alcoholic beverages by
3 the holder of a passenger transportation permit issued under this
4 section is exempt from a tax imposed by this code and from the tax
5 imposed by Chapter 151, Tax Code.

6 (d) Section 109.53 does not apply to a passenger
7 transportation permit issued under this section.

8 (e) Only a holder of a wholesale permit may sell liquor to
9 the holder of a passenger transportation permit issued under this
10 section. A sale of liquor to the holder of a passenger
11 transportation permit issued under this section shall be considered
12 as a sale at retail to a consumer.

13 SECTION 150. Section 50.001, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 50.001. AUTHORIZED ACTIVITIES. The holder of a
16 promotional permit may, on behalf of a distiller, brewer,
17 rectifier, or [~~manufacturer,~~] winery[~~, or wine bottler~~] with whom
18 the promotional permit holder has entered into a contract for the
19 purposes of this chapter, engage in activities to promote and
20 enhance the sale of an alcoholic beverage in this state, including
21 activities that take place on the premises of the holder of a permit
22 or license under this code.

23 SECTION 151. The heading to Chapter 51, Alcoholic Beverage
24 Code, is amended to read as follows:

25 CHAPTER 51. OPERATION OF MINIBARS [~~MINIBAR PERMIT~~]

26 SECTION 152. Section 51.02, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 51.02. AUTHORIZED ACTIVITIES. The holder of a mixed
2 beverage [~~minibar~~] permit issued for operation in a hotel may sell
3 the following alcoholic beverages out of a minibar:

4 (1) distilled spirits in containers of not less than
5 one ounce nor more than two ounces;

6 (2) wine and vinous liquors in containers of not more
7 than 13 fluid ounces; and

8 (3) [~~beer, ale, and~~] malt beverages [~~liquor~~] in
9 containers of not more than 12 fluid ounces.

10 SECTION 153. Section 51.03, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 51.03. LIMITED ACCESS TO MINIBAR. (a) Minibars shall
13 be of such design as to prevent access to alcoholic beverages to all
14 persons who do not have a minibar key. The minibar key shall be
15 different from the hotel guestroom key, and the mixed beverage
16 permittee may [~~shall~~] not provide the minibar key to any person who
17 is not of legal drinking age.

18 (b) A mixed beverage permittee may not provide a minibar key
19 to any person other than an employee of the permittee or a
20 registered guest of the hotel.

21 SECTION 154. Sections 51.04(a), (c), and (d), Alcoholic
22 Beverage Code, are amended to read as follows:

23 (a) All employees handling distilled spirits, wine, [~~beer,~~
24 ~~ale,~~] and malt beverages [~~liquor~~] being stocked in the minibar must
25 be at least 18 years of age.

26 (c) A minibar may only be maintained, serviced, or stocked
27 with alcoholic beverages by a person who is an employee of the

1 holder of a mixed beverage [~~minibar~~] permit, and no other person
2 shall be authorized to add alcoholic beverages to a minibar or, with
3 the exception of a registered hotel guest consumer, to remove
4 alcoholic beverages from a minibar.

5 (d) A mixed beverage permit [~~The~~] holder who operates [~~of~~] a
6 minibar [~~permit~~] shall adhere to standards of quality and purity of
7 alcoholic beverages prescribed by the commission and shall destroy
8 any alcoholic beverages contained in a minibar on the date which is
9 considered by the manufacturer of the alcoholic beverage to be the
10 date the product becomes inappropriate for sale to a consumer.

11 SECTION 155. Section 51.06, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 51.06. PROHIBITED INTERESTS. The holder of a mixed
14 beverage permit who operates a minibar [~~permit~~] may not have a
15 direct or indirect interest in a package store permit, and a [~~no~~]
16 package store may not be located on the premises of a hotel in which
17 a mixed beverage permittee operates [~~holds~~] a minibar [~~permit~~].

18 SECTION 156. Section 51.07, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 51.07. MIXED BEVERAGE PERMIT IS PRIMARY. All
21 purchases made by a holder of a mixed beverage permit who operates a
22 minibar [~~permittee~~] shall be made under the authority of and
23 subject to the limitations imposed on the mixed beverage permit
24 held by the permittee. All sales [~~made by a minibar permittee~~]
25 shall, for tax purposes, be considered sales under the mixed
26 beverage permit held by the permittee and shall be taxed
27 accordingly. To ensure that the marketing of alcoholic beverages

1 for stocking minibars is not used by suppliers for purposes of
2 inducement or unauthorized or illegal advertising, it is further
3 provided that:

4 (1) No person who holds a permit or license
5 authorizing sale of any alcoholic beverage to mixed beverage
6 permittees may sell or offer to sell alcoholic beverages to the
7 mixed beverage [~~a minibar~~] permittee at a cost less than the
8 seller's laid-in cost plus the customary and normal profit margin
9 applicable to other container sizes. The laid-in cost shall be
10 defined as the manufacturer's or supplier's invoice price, plus all
11 applicable freight, taxes, and duties.

12 (2) Proof of laid-in cost shall become a part of the
13 permanent records of each permittee or licensee supplying alcoholic
14 beverages to a mixed beverage permittee who operates a minibar
15 [~~permittees~~] and be available for a period of two years for
16 inspection by the commission.

17 (3) No alcoholic beverages offered for use in a
18 minibar may be sold in connection with or conveyed as part of any
19 promotional program providing a discount on the purchase of any
20 other type, size, or brand of alcoholic beverage.

21 (4) Distilled spirits in containers with a capacity of
22 more than one but less than two fluid ounces must be invoiced
23 separately from any other alcoholic beverage, and the price must be
24 shown on the invoice.

25 (5) Distilled spirits in containers with a capacity of
26 more than one but less than two fluid ounces may not be returned by
27 the mixed beverage permit holder [~~of a minibar permit~~]. Neither may

1 the beverages be exchanged by the mixed beverage permit holder [~~of a~~
2 ~~minibar permit~~] or redeemed for any reason other than damage noted
3 at the time of delivery and approved by the commission. Claims for
4 breakage or shortage after delivery to a mixed beverage permit
5 holder who operates a minibar [~~permittee~~] shall not be allowed.

6 (6) No person holding a wholesaler's, local
7 distributor's, or package store permit may participate in the cost
8 of producing any room menu, beverage list, table tent, or any other
9 device or novelty, written or printed, relating to the sale of
10 distilled spirits in containers with a capacity of more than one but
11 less than two fluid ounces. No permittee or licensee authorized to
12 sell alcoholic beverages to a mixed beverage [~~minibar~~] permittee
13 who operates a minibar may pay for or contribute to the cost of
14 providing in-house television or radio announcements to be used by
15 any holder of a mixed beverage permit who operates a minibar
16 [~~permit~~] to promote the sale of alcoholic beverages.

17 SECTION 157. Sections 55.01(a), (b), and (c), Alcoholic
18 Beverage Code, are amended to read as follows:

19 (a) The holder of a manufacturer's agent's warehousing
20 permit may:

21 (1) receive [~~beer, ale, or~~] malt beverages [~~liquor~~]
22 from the holder of a nonresident brewer's [~~permit or nonresident~~
23 ~~manufacturer's~~] license and store the alcoholic beverages on the
24 permitted premises;

25 (2) ship, cause to be shipped, sell, and otherwise
26 transfer the [~~beer, ale, or~~] malt beverages [~~liquor~~] to licensed
27 [~~or permitted~~] distributors [~~and wholesalers~~] in this state and to

1 persons outside this state who are qualified to receive the [~~beer,~~
2 ~~ale, or~~] malt beverages [~~liquor~~] under the regulatory laws of the
3 state or other jurisdiction in which the [~~beer, ale, or~~] malt
4 beverages are [~~liquor is~~] received; and

5 (3) return [~~beer, ale, or~~] malt beverages [~~liquor~~] to
6 the [~~manufacturer or~~] brewer from which they were [~~it was~~]
7 originally received.

8 (b) The holder of a manufacturer's agent's warehousing
9 permit may ship only to [~~wholesalers and~~] distributors in this
10 state who have been issued a territorial designation by the actual
11 [~~manufacturer or~~] brewer of the brand or brands to be
12 shipped. This territorial designation for the sale of malt
13 beverages [~~beer~~] must be under and a part of the agreement entered
14 into between the actual brewer [~~manufacturer~~] of the brand and the
15 distributor under Subchapters C and D, Chapter 102. This chapter
16 does not affect the requirement that the actual brewer
17 [~~manufacturer~~], and the agreement between the actual brewer
18 [~~manufacturer~~] and the distributor, comply with Subchapters C and
19 D, Chapter 102.

20 (c) Malt beverages [~~Beer, ale, or malt liquor~~] received at
21 premises permitted under this chapter that are [~~is~~] not labeled and
22 approved for sale in this state may be held and stored at the
23 premises and may be shipped from the premises if the malt beverages
24 are [~~it is~~] consigned and transported to qualified persons in other
25 states or jurisdictions where their [~~its~~] sale is legal.

26 SECTION 158. Section 55.03, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 55.03. ELIGIBILITY FOR PERMIT. A manufacturer's
2 agent's warehousing permit may be issued to an entity:

3 (1) that receives [~~beer, ale, or~~] malt beverages
4 [~~liquor~~] from another entity, or that other entity's immediate
5 successor in interest, that:

6 (A) is located and chartered in the United
7 Mexican States;

8 (B) has held, for the two years preceding the
9 date of the application:

10 (i) a nonresident manufacturer's license,
11 nonresident brewer's permit, and a nonresident seller's permit;

12 (ii) a nonresident brewer's license and a
13 nonresident seller's permit; or

14 (iii) a combination of Subparagraph (i) and
15 Subparagraph (ii) [~~for the two years preceding the date of the~~
16 application]; and

17 (C) during each of those two years has shipped or
18 caused to be shipped into this state for ultimate sale to qualified
19 distributors and wholesalers in this state at least one-half
20 million barrels of [~~beer, ale, or~~] malt beverages [~~liquor~~] of the
21 various brands manufactured or brewed by the entity; and

22 (2) whose employees, located in this state or
23 elsewhere, [~~hold permits and licenses issued under Chapters 36 and~~
24 ~~73 to~~] perform the activities authorized under Chapters 36 and 73
25 [~~those chapters~~] on behalf of the entity.

26 SECTION 159. Section 55.04, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 55.04. LOCATION OF PREMISES. The premises of a permit
2 holder under this chapter must be located in an area that is wet for
3 the sale of [~~beer, ale, and~~] malt beverages [~~liquor~~].

4 SECTION 160. Section 55.05, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 55.05. REPORTING REQUIREMENTS. The commission shall
7 require monthly reports from a permit holder under this chapter
8 showing the brands, types, sizes of containers, and quantities of
9 [~~beer, ale, or~~] malt beverages [~~liquor~~] received at and shipped
10 from the premises to persons authorized to receive them. The
11 reports must conform in all respects to the requirements and forms
12 prescribed by the commission and contain any other information
13 required by the commission.

14 SECTION 161. Section 56.02, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 56.02. QUALIFICATIONS FOR PERMIT; ELIGIBLE PREMISES.

17 (a) A water park permit may be issued only to a person who:

18 (1) holds a wine and malt beverage [~~beer~~] retailer's
19 permit under Chapter 25; and

20 (2) operates a public venue that:

21 (A) involves waterslides, food service, music,
22 and amusement activities; and

23 (B) is located primarily along the banks of the
24 Comal River.

25 (b) A person described by Subsection (a) may be issued water
26 park permits for not more than five premises:

27 (1) for which wine and malt beverage [~~beer~~] retailer's

1 permits have been issued under Chapter 25; and

2 (2) that are located:

3 (A) in the public venue described in Subsection
4 (a)(2); or

5 (B) not more than one mile from the boundary of
6 that venue.

7 SECTION 162. Section 56.04, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 56.04. APPLICABILITY OF OTHER LAW. Except as
10 otherwise provided in this chapter, the provisions of this code
11 applicable to a wine and malt beverage [~~beer~~] retailer's permit
12 apply to a water park permit.

13 SECTION 163. Section 61.01, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 61.01. LICENSE REQUIRED. A [~~No~~] person may not
16 [~~manufacture or~~] brew malt beverages [~~beer~~] for the purpose of
17 sale, import malt beverages [~~it~~] into this state, distribute or
18 sell malt beverages [~~it~~], or possess malt beverages [~~it~~] for the
19 purpose of sale without having first obtained an appropriate
20 license or permit as provided in this code. Each licensee shall
21 display the [~~his~~] license at all times in a conspicuous place at the
22 licensed place of business.

23 SECTION 164. Sections 61.03(a) and (b), Alcoholic Beverage
24 Code, are amended to read as follows:

25 (a) Except as provided by Subsections (d) and (e) or another
26 provision of this code, any license except a branch[~~, importer's,~~
27 ~~importer's carrier's, or temporary~~] license expires on the second

1 anniversary of the date on which it is issued. [~~Notwithstanding~~
2 ~~Section 5.50(b), the commission shall require double the amount of~~
3 ~~fees and surcharges otherwise applicable under this code for a~~
4 ~~license with a two-year term.~~]

5 (b) A secondary license or certificate which requires the
6 holder of the license or certificate to first obtain another
7 license, including a retailer late hours certificate [~~license or~~
8 ~~temporary license~~], expires on the same date the basic or primary
9 license expires. The commission may not prorate or refund any part
10 of the fee for the secondary license or certificate if the
11 application of this section results in the expiration of the
12 license in less than two years.

13 SECTION 165. Section 61.05, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 61.05. NAME OF BUSINESS. A A [~~No~~] person may not conduct
16 a business engaged in the brewing [~~manufacture~~], distribution,
17 importation, or sale of malt beverages [~~beer~~] as owner or part owner
18 except under the name to which the license covering the person's
19 [~~his~~] place of business is issued.

20 SECTION 166. Section 61.06, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 61.06. PRIVILEGES LIMITED TO LICENSED PREMISES;
23 DELIVERIES. A A [~~No~~] person licensed to sell malt beverages [~~beer~~],
24 other than [~~except~~] a brewer [~~manufacturer~~] or distributor, may not
25 use or display a license or exercise a privilege granted by the
26 license except at the licensed premises. Deliveries of malt
27 beverages [~~beer~~] and collections may be made off the licensed

1 premises in areas where the sale of malt beverages [~~beer~~] is legal
2 inside the county where the license is issued, but only in response
3 to orders placed by the customer in person at the licensed premises
4 or by mail or telephone to the licensed premises.

5 SECTION 167. Section 61.07, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 61.07. AGENT FOR SERVICE. Each brewer [~~manufacturer~~],
8 distributor, or person shipping or delivering malt beverages [~~beer~~]
9 into this state shall file a certificate with the secretary of state
10 designating the name, street address, and business of the person's
11 [~~his~~] agent on whom process may be served. If a certificate is not
12 filed, service may be had on the secretary of state in any cause of
13 action arising out of a violation of this code, and the secretary of
14 state shall send any citation served on the secretary [~~him~~] by
15 registered mail, return receipt requested, to the person for whom
16 the citation is intended. The receipt is prima facie evidence of
17 service on the person.

18 SECTION 168. Effective December 31, 2020, Section 61.09,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 61.09. CHANGE OF LOCATION. If a licensee desires to
21 change the licensee's place of business, the licensee may do so by
22 applying to the commission on a form prescribed by the commission
23 and obtaining the commission's consent. The application may be
24 subject to protest and hearing in the same way as an application for
25 an original license. [~~In the case of a required protest hearing,~~
26 ~~the county judge may deny the application for any cause for which an~~
27 ~~original license application may be denied.] No additional license~~

1 fee for the unexpired term of the license shall be required in the
2 case of an application for a change of location.

3 SECTION 169. Section 61.111(a), Alcoholic Beverage Code, is
4 amended to read as follows:

5 (a) The commission by rule shall require the holder of a
6 license authorizing the sale of malt beverages [~~beer~~] for
7 on-premises consumption to display a warning sign on the door to
8 each restroom on the licensed premises that informs the public of
9 the risks of drinking alcohol during pregnancy.

10 SECTION 170. Section 61.12, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 61.12. RESTRICTION ON CONSUMPTION. A [~~No~~] licensee
13 other than [~~except~~] a holder of a license authorizing on-premises
14 consumption of malt beverages [~~beer~~] may not permit malt beverages
15 [~~beer~~] to be consumed on the premises where they are [~~it is~~] sold.

16 SECTION 171. (a) Effective December 31, 2020, Section
17 61.31, Alcoholic Beverage Code, is amended to read as follows:

18 Sec. 61.31. APPLICATION FOR LICENSE. (a) A person may file
19 an application for a license to manufacture, distribute, store, or
20 sell beer with the commission on forms prescribed by the
21 commission.

22 (b) On receipt of an application for a license under this
23 code, the commission [~~or administrator~~] shall follow the procedure
24 under Section 11.43 [~~determine whether a protest has been filed~~
25 ~~against the application. If a protest against the application has~~
26 ~~been filed, the commission or administrator shall investigate the~~
27 ~~protest. If the commission or administrator finds that no~~

1 ~~reasonable grounds exist for the protest, or if no protest has been~~
2 ~~filed, the commission or administrator shall issue a license if the~~
3 ~~commission or administrator finds that all facts stated in the~~
4 ~~application are true and no legal ground to refuse a license exists.~~
5 ~~If the commission or administrator finds that reasonable grounds~~
6 ~~exist for the protest, the commission or administrator shall reject~~
7 ~~the protested application and require the applicant to file the~~
8 ~~application with the county judge of the county in which the~~
9 ~~applicant desires to conduct business and submit to a hearing].~~

10 ~~[(b) The county judge shall set a protested application for~~
11 ~~a hearing to be held not less than 5 nor more than 10 days after the~~
12 ~~date the county judge receives the protested application.]~~

13 (c) Each applicant for an original license [~~, other than a~~
14 ~~branch or temporary license,~~] shall pay [~~a hearing fee of \$25 to the~~
15 ~~county clerk at the time of the hearing. The county clerk shall~~
16 ~~deposit the fee in the county treasury. The applicant is liable for~~
17 ~~no other fee except]~~ the annual license fee prescribed by this code.

18 (d) A A [~~No~~] person may not sell beer during the pendency of
19 the person's [~~his~~] original license application. An [~~No~~] official
20 may not advise a person to the contrary.

21 (b) Effective September 1, 2021, Section 61.31, Alcoholic
22 Beverage Code, is amended to read as follows:

23 Sec. 61.31. APPLICATION FOR LICENSE. (a) A person may file
24 an application for a license to manufacture, distribute, store, or
25 sell malt beverages [~~beer~~] with the commission on forms prescribed
26 by the commission.

27 (b) On receipt of an application for a license under this

1 code, the commission [~~or administrator~~] shall follow the procedure
2 under Section 11.43 [~~determine whether a protest has been filed~~
3 ~~against the application. If a protest against the application has~~
4 ~~been filed, the commission or administrator shall investigate the~~
5 ~~protest. If the commission or administrator finds that no~~
6 ~~reasonable grounds exist for the protest, or if no protest has been~~
7 ~~filed, the commission or administrator shall issue a license if the~~
8 ~~commission or administrator finds that all facts stated in the~~
9 ~~application are true and no legal ground to refuse a license exists.~~
10 ~~If the commission or administrator finds that reasonable grounds~~
11 ~~exist for the protest, the commission or administrator shall reject~~
12 ~~the protested application and require the applicant to file the~~
13 ~~application with the county judge of the county in which the~~
14 ~~applicant desires to conduct business and submit to a hearing].~~

15 [~~(b) The county judge shall set a protested application for~~
16 ~~a hearing to be held not less than 5 nor more than 10 days after the~~
17 ~~date the county judge receives the protested application.]~~

18 (c) Each applicant for an original license [~~, other than a~~
19 ~~branch or temporary license,~~] shall pay [~~a hearing fee of \$25 to the~~
20 ~~county clerk at the time of the hearing. The county clerk shall~~
21 ~~deposit the fee in the county treasury. The applicant is liable for~~
22 ~~no other fee except~~] the [~~annual~~] license fee authorized by
23 commission rule [~~prescribed by this code~~].

24 (d) A A [~~No~~] person may not sell malt beverages [~~beer~~] during
25 the pendency of the person's [~~his~~] original license application.
26 An [~~No~~] official may not advise a person to the contrary.

27 SECTION 172. Effective December 31, 2020, Subchapter B,

1 Chapter 61, Alcoholic Beverage Code, is amended by adding Sections
2 61.313 and 61.314 to read as follows:

3 Sec. 61.313. PROTEST BY MEMBER OF THE PUBLIC. (a) A member
4 of the public may protest an application for:

5 (1) an original retail dealer's on-premise license if
6 a sexually oriented business is to be operated on the premises to be
7 covered by the license;

8 (2) any renewal of a retail dealer's on-premise
9 license if a sexually oriented business is to be operated on the
10 premises to be covered by the license and a petition is presented to
11 the commission that is signed by 50 percent of the residents who
12 reside within 300 feet of any property line of the affected
13 premises; or

14 (3) a license authorizing the retail sale of malt
15 beverages for on-premises consumption if the person resides within
16 300 feet of any property line of the premises for which the license
17 is sought.

18 (b) In addition to the situations described by Subsection
19 (a), the commission by rule may authorize a member of the public to
20 protest other license applications the commission considers
21 appropriate.

22 (c) A protest made under this section must include an
23 allegation of grounds on which the original or renewal application,
24 as applicable, should be denied.

25 Sec. 61.314. PROTEST BY GOVERNMENT OFFICIAL. (a) The
26 following persons may protest an application for an alcoholic
27 beverage license:

1 (1) the state senator, state representative, county
2 commissioner, and city council member who represent the area in
3 which the premises sought to be licensed are located;

4 (2) the commissioners court of the county in which the
5 premises sought to be licensed are located;

6 (3) the county judge of the county in which the
7 premises sought to be licensed are located;

8 (4) the sheriff or county or district attorney of the
9 county in which the premises sought to be licensed are located;

10 (5) the mayor of the city or town in which the premises
11 sought to be licensed are located; and

12 (6) the chief of police, city marshal, or city
13 attorney of the city or town in which the premises sought to be
14 permitted are located.

15 (b) The commission may give due consideration to the
16 recommendations of a person listed under Subsection (a) when
17 evaluating an application for a license under this code.

18 SECTION 173. Effective December 31, 2020, Section 61.34(d),
19 Alcoholic Beverage Code, is amended to read as follows:

20 (d) A person appealing from an order denying a license
21 [under this section] shall give bond for all costs incident to the
22 appeal and shall be required to pay those costs if the judgment on
23 appeal is unfavorable to the applicant, but not otherwise. A [No]
24 bond is not required on appeals filed on behalf of the state.

25 SECTION 174. Sections 61.35(a) and (b), Alcoholic Beverage
26 Code, are amended to read as follows:

27 (a) A separate license fee is required for each place of

1 business that brews [~~manufactures~~], imports, or sells malt
2 beverages [~~beer~~].

3 (b) All license fees [~~, except those for temporary~~
4 ~~licenses,~~] shall be deposited as provided in Section 205.02. Each
5 license application must be accompanied by a cashier's check, a
6 teller's check, a check drawn on the account of a corporation
7 applying for a license or on the account of a corporation that is an
8 agent for the person applying for a license, a money order, or
9 payment by credit card, charge card, or other electronic form of
10 payment approved by commission rule for the amount of the state fee,
11 payable to the order of the comptroller.

12 SECTION 175. Section 61.36(a), Alcoholic Beverage Code, is
13 amended to read as follows:

14 (a) The governing body of an incorporated city or town may
15 levy and collect a fee [~~not to exceed one-half of the state fee~~] for
16 each license [~~, except a temporary or agent's beer license,~~] issued
17 for premises located within the city or town. The commissioners
18 court of a county may levy and collect a fee [~~equal to one-half the~~
19 ~~state fee~~] for each license [~~, except a temporary or agent's beer~~
20 ~~license,~~] issued for premises located within the county. The fees
21 authorized by this subsection may not exceed one-half the
22 statutory fee provided in this code as of August 31, 2021, for the
23 license issued. Those authorities may not levy or collect any other
24 fee or tax from the licensee except general ad valorem taxes, the
25 hotel occupancy tax levied under Chapter 351, Tax Code, and the
26 local sales and use tax levied under Chapter 321, Tax Code.

27 SECTION 176. Effective December 31, 2020, Section 61.36(d),

1 Alcoholic Beverage Code, is amended to read as follows:

2 (d) The commission or administrator may cancel or the
3 commission may deny an application for a license for the retail sale
4 of alcoholic beverages, including a license held by the holder of a
5 food and beverage certificate, if it finds that the license holder
6 or applicant has not paid delinquent ad valorem taxes due on that
7 licensed premises or due from a business operated on that premises
8 to any taxing authority in the county of the premises. For purposes
9 of this subsection, a license holder or applicant is presumed
10 delinquent in the payment of taxes due if the license holder or
11 applicant:

12 (1) is placed on a delinquent tax roll prepared under
13 Section 33.03, Tax Code;

14 (2) has received a notice of delinquency under Section
15 33.04, Tax Code; and

16 (3) has not made a payment required under Section
17 42.08, Tax Code.

18 SECTION 177. Effective September 1, 2019, Sections
19 61.37(a), (b), and (d), Alcoholic Beverage Code, are amended to
20 read as follows:

21 (a) Not later than the 30th day after the date a prospective
22 applicant for a license issued by the commission requests
23 certification, the [The] county clerk of the county in which the
24 request [~~an application for a license~~] is made shall certify
25 whether the location or address given in the request [~~application~~]
26 is in a wet area and whether the sale of alcoholic beverages for
27 which the license is sought is prohibited by any valid order of the

1 commissioners court.

2 (b) Not later than the 30th day after the date a prospective
3 applicant for a license issued by the commission requests
4 certification, the [The] city secretary or clerk of the city in
5 which the request [~~an application for a license~~] is made shall
6 certify whether the location or address given in the request
7 [~~application~~] is in a wet area and whether the sale of alcoholic
8 beverages for which the license is sought is prohibited by charter
9 or ordinance.

10 (d) Notwithstanding any other provision of this code, if the
11 county clerk, city secretary, or city clerk certifies that the
12 location or address given in the request [~~application~~] is not in a
13 wet area or refuses to issue the certification required by this
14 section, the prospective applicant is entitled to a hearing before
15 the county judge to contest the certification or refusal to
16 certify. The prospective applicant must submit a written request
17 to the county judge for a hearing under this subsection. The county
18 judge shall conduct a hearing required by this subsection not later
19 than the 30th day after the date the county judge receives the
20 written request.

21 SECTION 178. Section 61.38(a), Alcoholic Beverage Code, is
22 amended to read as follows:

23 (a) Every original applicant for a license to brew
24 [~~manufacture~~], distribute, or sell malt beverages [~~beer~~] at retail
25 shall give notice of the application by electronic or nonelectronic
26 publication at the applicant's own expense in two consecutive
27 issues of a newspaper of general circulation published in the city

1 or town in which the applicant's place of business is located. If
2 no newspaper is published in that city or town, the notice must be
3 published in a newspaper of general circulation published in the
4 county where the applicant's business is located. If no newspaper
5 is published in that county, the notice must be published in a
6 qualified newspaper published in the closest neighboring county and
7 circulated in the county where the applicant's business is located.

8 SECTION 179. Effective September 1, 2019, Section
9 61.381(c), Alcoholic Beverage Code, is amended to read as follows:

10 (c) This section does not apply to an applicant for a
11 license issued under Chapter 64, [~~65~~] 66, or 71.

12 SECTION 180. Section 61.382(a), Alcoholic Beverage Code, is
13 amended to read as follows:

14 (a) Except as provided by Subsection (b), a person who
15 submits an original application for a license authorizing the
16 retail sale of malt beverages [~~beer~~] for on-premises consumption
17 shall give written notice of the application to each residential
18 address and established neighborhood association located within
19 300 feet of any property line of the premises for which the license
20 is sought.

21 SECTION 181. (a) Effective December 31, 2020, Section
22 61.41(c), Alcoholic Beverage Code, is amended to read as follows:

23 (c) If the holder of the existing license has made a
24 declaration required by the commission that the license holder will
25 no longer use the license, the license holder may not manufacture or
26 sell beer or possess it for the purpose of sale until the license
27 has been reinstated. The holder may apply to the commission for the

1 reinstatement of the license in the same manner and according to the
2 same procedure as in the case of an original license application.
3 The [~~county judge or the~~] commission [~~or administrator~~] may deny
4 reinstatement of the license for any cause for which an original
5 license application may be denied.

6 (b) Effective September 1, 2021, Sections 61.41(c) and (d),
7 Alcoholic Beverage Code, are amended to read as follows:

8 (c) If the holder of the existing license has made a
9 declaration required by the commission that the license holder will
10 no longer use the license, the license holder may not brew
11 [~~manufacture~~] or sell malt beverages [~~beer~~] or possess malt
12 beverages [~~it~~] for the purpose of sale until the license has been
13 reinstated. The holder may apply to the commission for the
14 reinstatement of the license in the same manner and according to the
15 same procedure as in the case of an original license application.
16 The [~~county judge or the~~] commission [~~or administrator~~] may deny
17 reinstatement of the license for any cause for which an original
18 license application may be denied.

19 (d) Notwithstanding Subsection (a) and Sections 11.49 and
20 109.53, more than one brewer's [~~manufacturer's~~] or nonresident
21 brewer's [~~manufacturer's~~] license may be issued for a single
22 premises if the license holder for the premises has contracted with
23 an entity under an alternating brewery proprietorship or contract
24 brewing arrangement.

25 SECTION 182. (a) Effective September 1, 2019, Section
26 61.42(a), Alcoholic Beverage Code, is amended to read as follows:

27 (a) The county judge shall refuse to approve an application

1 for a license as a distributor or retailer if the county judge [~~he~~]
2 has reasonable grounds to believe and finds that:

3 (1) the applicant is a minor;

4 (2) the applicant is indebted to the state for any
5 taxes, fees, or penalties imposed by this code or by rule of the
6 commission;

7 (3) the place or manner in which the applicant for a
8 retail dealer's license may conduct the applicant's [~~his~~] business
9 warrants a refusal of the application for a license based on the
10 general welfare, health, peace, morals, safety, and sense of
11 decency of the people;

12 (4) the applicant has developed an incapacity that
13 prevents or could prevent the applicant from conducting the
14 applicant's business with reasonable skill, competence, and safety
15 to the public [~~is in the habit of using alcoholic beverages to~~
16 ~~excess or is mentally or physically incompetent~~];

17 (5) the applicant is not a United States citizen or has
18 not been a citizen of Texas for a period of one year immediately
19 preceding the filing of the applicant's [~~his~~] application, unless
20 the applicant [~~he~~] was issued an original or renewal license on or
21 before September 1, 1948;

22 (6) the applicant was finally convicted of a felony
23 during the five years immediately preceding the filing of the
24 applicant's [~~his~~] application;

25 (7) the applicant is not of good moral character or the
26 applicant's [~~his~~] reputation for being a peaceable, law-abiding
27 citizen in the community where the applicant [~~he~~] resides is bad; or

1 (8) as to a corporation, it is not incorporated under
2 the laws of this state, or at least 51 percent of the corporate
3 stock is not owned at all times by persons who individually are
4 qualified to obtain a license, except that this subdivision does
5 not apply to a holder of any renewal of a distributor's license
6 which was in effect on January 1, 1953[~~, or to an applicant for a~~
7 ~~beer retailer's on-premise license for a railway car~~].

8 (b) Effective December 31, 2020, Section 61.42, Alcoholic
9 Beverage Code, is amended to read as follows:

10 Sec. 61.42. MANDATORY GROUNDS FOR DENIAL [~~REFUSAL~~]:
11 DISTRIBUTOR OR RETAILER. (a) The commission [~~county judge~~] shall
12 deny [~~refuse to approve~~] an application for a license as a
13 distributor or retailer if the commission [~~he~~] has reasonable
14 grounds to believe and finds that:

15 (1) the applicant is a minor;

16 (2) the applicant is indebted to the state for any
17 taxes, fees, or penalties imposed by this code or by rule of the
18 commission;

19 (3) the place or manner in which the applicant for a
20 retail dealer's license may conduct the applicant's [~~his~~] business
21 warrants a denial [~~refusal~~] of the application for a license based
22 on the general welfare, health, peace, morals, safety, and sense of
23 decency of the people;

24 (4) the applicant has developed an incapacity that
25 prevents or could prevent the applicant from conducting the
26 applicant's business with reasonable skill, competence, and safety
27 to the public [~~is in the habit of using alcoholic beverages to~~

1 ~~excess or is mentally or physically incompetent];~~

2 (5) the applicant is not a United States citizen or has
3 not been a citizen of Texas for a period of one year immediately
4 preceding the filing of the applicant's [~~his~~] application, unless
5 the applicant [~~he~~] was issued an original or renewal license on or
6 before September 1, 1948;

7 (6) the applicant was finally convicted of a felony
8 during the five years immediately preceding the filing of the
9 applicant's [~~his~~] application;

10 (7) the applicant is not of good moral character or the
11 applicant's [~~his~~] reputation for being a peaceable, law-abiding
12 citizen in the community where the applicant [~~he~~] resides is bad; or

13 (8) as to a corporation, it is not incorporated under
14 the laws of this state, or at least 51 percent of the corporate
15 stock is not owned at all times by persons who individually are
16 qualified to obtain a license, except that this subdivision does
17 not apply to a holder of any renewal of a distributor's license
18 which was in effect on January 1, 1953[~~, or to an applicant for a~~
19 ~~beer retailer's on-premise license for a railway car].~~

20 (b) The [~~county judge,~~] commission[~~, or administrator~~]
21 shall deny an application for [~~refuse to approve or issue~~] an
22 original retail dealer's or retail dealer's on-premise license
23 unless the applicant for the license files with the application a
24 certificate issued by the comptroller of public accounts stating
25 that the applicant holds, or has applied for and satisfies all legal
26 requirements for the issuance of, a sales tax permit for the place
27 of business for which the license is sought.

1 (c) The [~~county judge,~~] commission[~~, or administrator~~]
2 shall deny [~~refuse to approve or issue~~] for a period of one year an
3 application for a retail dealer's on-premise license or a wine and
4 beer retailer's permit for a premises where a license or permit has
5 been canceled during the preceding 12 months as a result of a
6 shooting, stabbing, or other violent act, or as a result of an
7 offense involving drugs, prostitution, or trafficking of persons.

8 (d) The [~~county judge,~~] commission[~~, or administrator~~]
9 shall deny an application for [~~refuse to approve or issue~~] a license
10 of [~~to~~] a person convicted of an offense under Section 101.76 for a
11 period of five years from the date of the conviction.

12 (c) Effective September 1, 2021, Section 61.42(c),
13 Alcoholic Beverage Code, is amended to read as follows:

14 (c) The [~~county judge,~~] commission[~~, or administrator~~]
15 shall deny [~~refuse to approve or issue~~] for a period of one year an
16 application for a retail dealer's on-premise license or a wine and
17 malt beverage [~~beer~~] retailer's permit for a premises where a
18 license or permit has been canceled during the preceding 12 months
19 as a result of a shooting, stabbing, or other violent act, or as a
20 result of an offense involving drugs, prostitution, or trafficking
21 of persons.

22 SECTION 183. Effective December 31, 2020, the heading to
23 Section 61.421, Alcoholic Beverage Code, is amended to read as
24 follows:

25 Sec. 61.421. DENIAL [~~REFUSAL~~] OF LICENSE AUTHORIZING
26 ON-PREMISES CONSUMPTION.

27 SECTION 184. Effective December 31, 2020, Section

1 61.421(b), Alcoholic Beverage Code, is amended to read as follows:

2 (b) The commission [~~or administrator, with or without a~~
3 ~~hearing, or the county judge,~~] shall deny an application for
4 ~~[refuse to issue or approve]~~ an original or renewal license
5 authorizing on-premises consumption of alcoholic beverages if the
6 commission[~~, administrator, or county judge~~] has reasonable
7 grounds to believe and finds that, during the three years preceding
8 the date the license application was filed, a license or permit
9 previously held under this code by the applicant, a person who owns
10 the premises for which the license is sought, or an officer of a
11 person who owns the premises for which the license is sought was
12 canceled or not renewed as a result of a shooting, stabbing, or
13 other violent act.

14 SECTION 185. Section 61.421(c), Alcoholic Beverage Code, is
15 amended to read as follows:

16 (c) This section does not apply to the issuance of an
17 original or renewal license authorizing on-premises consumption
18 for a location that holds a food and beverage certificate but does
19 not hold a retailer late hours certificate [~~license~~].

20 SECTION 186. Effective December 31, 2020, Section 61.43,
21 Alcoholic Beverage Code, is amended to read as follows:

22 Sec. 61.43. DISCRETIONARY GROUNDS FOR DENIAL
23 ~~[REFUSAL]~~: DISTRIBUTOR OR RETAILER. The commission [~~county~~
24 ~~judge~~] may deny [~~refuse to approve~~] an application for a license as
25 a distributor or retailer if the commission [~~county judge~~] has
26 reasonable grounds to believe and finds that:

27 (1) the applicant has been finally convicted in a

1 court of competent jurisdiction for the violation of a provision of
2 this code during the two years immediately preceding the filing of
3 an application;

4 (2) five years has not elapsed since the termination,
5 by pardon or otherwise, of a sentence imposed for conviction of a
6 felony;

7 (3) the applicant has violated or caused to be
8 violated a provision of this code or a rule or regulation of the
9 commission, for which a suspension was not imposed, during the
10 12-month period immediately preceding the filing of an application;

11 (4) the applicant failed to answer or falsely or
12 incorrectly answered a question in an original or renewal
13 application;

14 (5) the applicant for a retail dealer's license does
15 not have an adequate building available at the address for which the
16 license is sought before conducting any activity authorized by the
17 license;

18 (6) the applicant or a person with whom the applicant
19 is residentially domiciled had an interest in a license or permit
20 which was cancelled or revoked within the 12-month period
21 immediately preceding the filing of an application;

22 (7) the applicant failed or refused to furnish a true
23 copy of the application to the commission's district office in the
24 district in which the premises sought to be licensed are located;

25 (8) the applicant for a retail dealer's license will
26 conduct business in a manner contrary to law or in a place or manner
27 conducive to a violation of the law; or

1 (9) the place, building, or premises for which the
2 license is sought was used for selling alcoholic beverages in
3 violation of the law at any time during the six months immediately
4 preceding the filing of the application or was used, operated, or
5 frequented during that time for a purpose or in a manner which was
6 lewd, immoral, offensive to public decency, or contrary to this
7 code.

8 SECTION 187. (a) Effective December 31, 2020, Section
9 61.44, Alcoholic Beverage Code, is amended to read as follows:

10 Sec. 61.44. DENIAL [~~REFUSAL~~] OF DISTRIBUTOR'S OR RETAILER'S
11 LICENSE: PROHIBITED INTERESTS. (a) The commission [~~county judge~~]
12 may deny [~~refuse to approve~~] an application for a license as a
13 distributor or retailer if the commission [~~he~~] has reasonable
14 grounds to believe and finds that:

15 (1) the applicant has a financial interest in an
16 establishment authorized to sell distilled spirits, except as
17 authorized in Section 22.06, 24.05, or 102.05 [~~of this code~~];

18 (2) a person engaged in the business of selling
19 distilled spirits has a financial interest in the business to be
20 conducted under the license sought by the applicant, except as
21 authorized in Section 22.06, 24.05, or 102.05 [~~of this code~~]; or

22 (3) the applicant is residentially domiciled with a
23 person who has a financial interest in an establishment engaged in
24 the business of selling distilled spirits, except as authorized in
25 Section 22.06, 24.05, or 102.05 [~~of this code~~].

26 (b) The commission [~~county judge~~] may deny [~~refuse to~~
27 ~~approve~~] an application for a retail dealer's license if the

1 commission [~~he~~] has reasonable grounds to believe and finds that:

2 (1) the applicant has a real interest in the business
3 or premises of the holder of a manufacturer's or distributor's
4 license; or

5 (2) the premises sought to be licensed are owned in
6 whole or part by the holder of a manufacturer's or distributor's
7 license.

8 (b) Effective September 1, 2021, Section 61.44(b),
9 Alcoholic Beverage Code, is amended to read as follows:

10 (b) The commission [~~county judge~~] may deny [~~refuse to~~
11 ~~approve~~] an application for a retail dealer's license if the
12 commission [~~he~~] has reasonable grounds to believe and finds that:

13 (1) the applicant has a real interest in the business
14 or premises of the holder of a brewer's [~~manufacturer's~~] or
15 distributor's license; or

16 (2) the premises sought to be licensed are owned in
17 whole or part by the holder of a brewer's [~~manufacturer's~~] or
18 distributor's license.

19 SECTION 188. (a) Effective December 31, 2020, Section
20 61.45, Alcoholic Beverage Code, is amended to read as follows:

21 Sec. 61.45. DENIAL [~~REFUSAL~~] OF RETAILER'S OR DISTRIBUTOR'S
22 LICENSE: PROHIBITED INTEREST IN PREMISES. (a) The commission
23 [~~county judge~~] may deny [~~refuse to approve~~] an application for a
24 retail dealer's license if the commission [~~he~~] has reasonable
25 grounds to believe and finds that:

26 (1) the applicant owns or has an interest in the
27 premises covered by a manufacturer's or distributor's license; or

1 (2) the holder of a manufacturer's or distributor's
2 license owns or has an interest in the premises sought to be
3 licensed.

4 (b) The commission [~~county judge~~] may deny [~~refuse to~~
5 ~~approve~~] an application for a distributor's license if the
6 commission [~~he~~] has reasonable grounds to believe and finds that:

7 (1) the applicant owns or has an interest in the
8 premises covered by a retail dealer's license; or

9 (2) a holder of a retail dealer's license owns or has
10 an interest in the premises sought to be licensed.

11 (b) Effective September 1, 2021, Section 61.45(a),
12 Alcoholic Beverage Code, is amended to read as follows:

13 (a) The commission [~~county judge~~] may deny [~~refuse to~~
14 ~~approve~~] an application for a retail dealer's license if the
15 commission [~~he~~] has reasonable grounds to believe and finds that:

16 (1) the applicant owns or has an interest in the
17 premises covered by a brewer's [~~manufacturer's~~] or distributor's
18 license; or

19 (2) the holder of a brewer's [~~manufacturer's~~] or
20 distributor's license owns or has an interest in the premises
21 sought to be licensed.

22 SECTION 189. The heading to Section 61.46, Alcoholic
23 Beverage Code, is amended to read as follows:

24 Sec. 61.46. BREWER'S [~~MANUFACTURER'S~~] LICENSE: GROUNDS FOR
25 DENIAL [~~REFUSAL~~].

26 SECTION 190. Section 61.46(a), Alcoholic Beverage Code, is
27 amended to read as follows:

1 (a) This section applies to any applicant for a brewer's
2 ~~[manufacturer's]~~ license, including a domestic corporation or
3 foreign corporation qualified to do business in Texas,
4 administrator or executor, or other person. This section does not
5 apply to a holder of a subsequent renewal of a ~~[manufacturer's]~~
6 license which was in effect on January 1, 1953, that authorized the
7 license holder to manufacture a type of malt beverage.

8 SECTION 191. (a) Effective December 31, 2020, Section
9 61.46(b), Alcoholic Beverage Code, is amended to read as follows:

10 (b) The commission ~~[county judge]~~ shall deny ~~[refuse to~~
11 ~~approve]~~ an application for a manufacturer's license if the
12 commission ~~[he]~~ has reasonable grounds to believe and finds that
13 the applicant has failed to state under oath that it will engage in
14 the business of brewing and packaging beer in this state within
15 three years after the issuance of its original license in
16 sufficient quantities as to make its operation that of a bona fide
17 brewing manufacturer.

18 (b) Effective September 1, 2021, Section 61.46(b),
19 Alcoholic Beverage Code, is amended to read as follows:

20 (b) The commission ~~[county judge]~~ shall deny ~~[refuse to~~
21 ~~approve]~~ an application for a brewer's ~~[manufacturer's]~~ license if
22 the commission ~~[he]~~ has reasonable grounds to believe and finds
23 that the applicant has failed to state under oath that it will
24 engage in the business of brewing and packaging malt beverages
25 ~~[beer]~~ in this state within three years after the issuance of its
26 original license in sufficient quantities as to make its operation
27 that of a bona fide brewer ~~[brewing manufacturer]~~.

1 SECTION 192. Effective December 31, 2020, Section 61.48,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 61.48. RENEWAL APPLICATION. An application to renew a
4 license shall be filed with the commission not [~~no~~] earlier than the
5 30th day [~~30 days~~] before the date the license expires but not after
6 it expires. The application shall be signed by the applicant and
7 shall contain complete information required by the commission
8 showing that the applicant is not disqualified from holding a
9 license. The application shall be accompanied by the appropriate
10 license fee. An [~~No~~] applicant for a renewal may not be required to
11 pay any fee other than license fees and the filing fee [~~unless the~~
12 ~~applicant is required by the commission or administrator to submit~~
13 ~~to a renewal hearing before the county judge~~].

14 SECTION 193. Effective December 31, 2020, Section 61.49,
15 Alcoholic Beverage Code, is amended to read as follows:

16 Sec. 61.49. ACTION ON RENEWAL APPLICATION BY COMMISSION;
17 REFUND OF FEE. When the renewal application has been filed in
18 accordance with Section 61.48, the commission shall follow the
19 procedure under [~~or administrator may in its discretion issue a~~
20 ~~renewal license or if an application for a renewal is protested~~
21 ~~reject the application and require the applicant to file an~~
22 ~~application with the county judge and submit to a hearing as is~~
23 ~~required by~~] Section 11.43 [~~61.31~~].

24 SECTION 194. Effective December 31, 2020, Section 61.50,
25 Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 61.50. RENEWAL OF RETAIL DEALER'S LICENSE: GROUNDS FOR
27 DENIAL [~~REFUSAL~~]. The commission [~~or administrator, without a~~

1 ~~hearing,~~] may deny an application for [~~refuse to issue~~] a renewal of
2 a retail dealer's license and require the applicant to make an
3 original application if it is found that circumstances exist which
4 would warrant the denial [~~refusal~~] of an original application under
5 any pertinent provision of this code.

6 SECTION 195. (a) Effective September 1, 2019, Section
7 61.71(a), Alcoholic Beverage Code, is amended to read as follows:

8 (a) The commission or administrator may suspend for not more
9 than 60 days or cancel an original or renewal retail dealer's on- or
10 off-premise license if it is found, after notice and hearing, that
11 the licensee:

12 (1) violated a provision of this code or a rule of the
13 commission during the existence of the license sought to be
14 cancelled or suspended or during the immediately preceding license
15 period;

16 (2) was finally convicted for violating a penal
17 provision of this code;

18 (3) was finally convicted of a felony while holding an
19 original or renewal license;

20 (4) made a false statement or a misrepresentation in
21 the licensee's original application or a renewal application;

22 (5) with criminal negligence sold, served, or
23 delivered an alcoholic beverage to a minor;

24 (6) sold, served, or delivered an alcoholic beverage
25 to an intoxicated person;

26 (7) sold, served, or delivered an alcoholic beverage
27 at a time when its sale is prohibited;

1 (8) entered or offered to enter an agreement,
2 condition, or system which would constitute the sale or possession
3 of alcoholic beverages on consignment;

4 (9) possessed on the licensed premises, or on adjacent
5 premises directly or indirectly under the licensee's control, an
6 alcoholic beverage not authorized to be sold on the licensed
7 premises, or permitted an agent, servant, or employee to do so,
8 except as permitted by Section 22.06, 24.05, or 102.05;

9 (10) permitted a person on the licensed premises to
10 engage in conduct which is lewd, immoral, or offensive to public
11 decency;

12 (11) employed a person under 18 years of age to sell,
13 handle, or dispense beer, or to assist in doing so, in an
14 establishment where beer is sold for on-premises consumption;

15 (12) conspired with a person to violate Section
16 101.41-101.43, 101.68, 102.11-102.15, 104.04, 108.01, or
17 108.04-108.06, or a rule promulgated under Section 5.40, or
18 accepted a benefit from an act prohibited by any of these sections
19 or rules;

20 (13) refused to permit or interfered with an
21 inspection of the licensed premises by an authorized representative
22 of the commission or a peace officer;

23 (14) permitted the use or display of the licensee's
24 license in the conduct of a business for the benefit of a person not
25 authorized by law to have an interest in the license;

26 (15) maintained blinds or barriers at the licensee's
27 place of business in violation of this code;

1 (16) conducted the licensee's business in a place or
2 manner which warrants the cancellation or suspension of the license
3 based on the general welfare, health, peace, morals, safety, and
4 sense of decency of the people;

5 (17) consumed an alcoholic beverage or permitted one
6 to be consumed on the licensed premises at a time when the
7 consumption of alcoholic beverages is prohibited by this code;

8 (18) purchased beer for the purpose of resale from a
9 person other than the holder of a manufacturer's or distributor's
10 license;

11 (19) acquired an alcoholic beverage for the purpose of
12 resale from another retail dealer of alcoholic beverages;

13 (20) owned an interest of any kind in the business or
14 premises of the holder of a distributor's license;

15 (21) purchased, sold, offered for sale, distributed,
16 or delivered an alcoholic beverage, or consumed an alcoholic
17 beverage or permitted one to be consumed on the licensed premises
18 while the licensee's license was under suspension;

19 (22) purchased, possessed, stored, sold, or offered
20 for sale beer in or from an original package bearing a brand or
21 trade name of a manufacturer other than the brand or trade name
22 shown on the container;

23 (23) has developed an incapacity that prevents or
24 could prevent the license holder from managing the license holder's
25 establishment with reasonable skill, competence, and safety to the
26 public [~~habitually uses alcoholic beverages to excess, is mentally~~
27 ~~incompetent, or is physically unable to manage the licensee's~~

1 ~~establishment]~~;

2 (24) imported beer into this state except as
3 authorized by Section 107.07;

4 (25) occupied premises in which the holder of a
5 manufacturer's or distributor's license had an interest of any
6 kind;

7 (26) knowingly permitted a person who had an interest
8 in a permit or license which was cancelled for cause to sell,
9 handle, or assist in selling or handling alcoholic beverages on the
10 licensed premises within one year after the cancellation;

11 (27) was financially interested in a place of business
12 engaged in the selling of distilled spirits or permitted a person
13 having an interest in that type of business to have a financial
14 interest in the business authorized by the licensee's license,
15 except as permitted by Section 22.06, 24.05, or 102.05;

16 (28) is residentially domiciled with or related to a
17 person engaged in selling distilled spirits, except as permitted by
18 Section 22.06, 24.05, or 102.05, so that there is a community of
19 interests which the commission or administrator finds contrary to
20 the purposes of this code;

21 (29) is residentially domiciled with or related to a
22 person whose license has been cancelled within the preceding 12
23 months so that there is a community of interests which the
24 commission or administrator finds contrary to the purposes of this
25 code; or

26 (30) failed to promptly report to the commission a
27 breach of the peace occurring on the licensee's licensed premises.

1 (b) Effective September 1, 2021, Section 61.71(a),
2 Alcoholic Beverage Code, is amended to read as follows:

3 (a) The commission or administrator may suspend for not more
4 than 60 days or cancel an original or renewal retail dealer's on- or
5 off-premise license if it is found, after notice and hearing, that
6 the licensee:

7 (1) violated a provision of this code or a rule of the
8 commission during the existence of the license sought to be
9 cancelled or suspended or during the immediately preceding license
10 period;

11 (2) was finally convicted for violating a penal
12 provision of this code;

13 (3) was finally convicted of a felony while holding an
14 original or renewal license;

15 (4) made a false statement or a misrepresentation in
16 the licensee's original application or a renewal application;

17 (5) with criminal negligence sold, served, or
18 delivered an alcoholic beverage to a minor;

19 (6) sold, served, or delivered an alcoholic beverage
20 to an intoxicated person;

21 (7) sold, served, or delivered an alcoholic beverage
22 at a time when its sale is prohibited;

23 (8) entered or offered to enter an agreement,
24 condition, or system which would constitute the sale or possession
25 of alcoholic beverages on consignment;

26 (9) possessed on the licensed premises, or on adjacent
27 premises directly or indirectly under the licensee's control, an

1 alcoholic beverage not authorized to be sold on the licensed
2 premises, or permitted an agent, servant, or employee to do so,
3 except as permitted by Section 22.06, 24.05, or 102.05;

4 (10) permitted a person on the licensed premises to
5 engage in conduct which is lewd, immoral, or offensive to public
6 decency;

7 (11) employed a person under 18 years of age to sell,
8 handle, or dispense malt beverages [~~beer~~], or to assist in doing so,
9 in an establishment where malt beverages are [~~beer is~~] sold for
10 on-premises consumption;

11 (12) conspired with a person to violate Section
12 101.41-101.43, 101.68, 102.11-102.15, 104.04, 108.01, or
13 108.04-108.06, or a rule promulgated under Section 5.40, or
14 accepted a benefit from an act prohibited by any of these sections
15 or rules;

16 (13) refused to permit or interfered with an
17 inspection of the licensed premises by an authorized representative
18 of the commission or a peace officer;

19 (14) permitted the use or display of the licensee's
20 license in the conduct of a business for the benefit of a person not
21 authorized by law to have an interest in the license;

22 (15) maintained blinds or barriers at the licensee's
23 place of business in violation of this code;

24 (16) conducted the licensee's business in a place or
25 manner which warrants the cancellation or suspension of the license
26 based on the general welfare, health, peace, morals, safety, and
27 sense of decency of the people;

1 (17) consumed an alcoholic beverage or permitted one
2 to be consumed on the licensed premises at a time when the
3 consumption of alcoholic beverages is prohibited by this code;

4 (18) purchased malt beverages [~~beer~~] for the purpose
5 of resale from a person other than the holder of a brewer's
6 [~~manufacturer's~~] or distributor's license;

7 (19) acquired an alcoholic beverage for the purpose of
8 resale from another retail dealer of alcoholic beverages;

9 (20) owned an interest of any kind in the business or
10 premises of the holder of a distributor's license;

11 (21) purchased, sold, offered for sale, distributed,
12 or delivered an alcoholic beverage, or consumed an alcoholic
13 beverage or permitted one to be consumed on the licensed premises
14 while the licensee's license was under suspension;

15 (22) purchased, possessed, stored, sold, or offered
16 for sale malt beverages [~~beer~~] in or from an original package
17 bearing a brand or trade name of a manufacturer other than the brand
18 or trade name shown on the container;

19 (23) has developed an incapacity that prevents or
20 could prevent the license holder from managing the license holder's
21 establishment with reasonable skill, competence, and safety to the
22 public [~~habitually uses alcoholic beverages to excess, is mentally~~
23 ~~incompetent, or is physically unable to manage the licensee's~~
24 ~~establishment~~];

25 (24) imported malt beverages [~~beer~~] into this state
26 except as authorized by Section 107.07;

27 (25) occupied premises in which the holder of a

1 brewer's [~~manufacturer's~~] or distributor's license had an interest
2 of any kind;

3 (26) knowingly permitted a person who had an interest
4 in a permit or license which was cancelled for cause to sell,
5 handle, or assist in selling or handling alcoholic beverages on the
6 licensed premises within one year after the cancellation;

7 (27) was financially interested in a place of business
8 engaged in the selling of distilled spirits or permitted a person
9 having an interest in that type of business to have a financial
10 interest in the business authorized by the licensee's license,
11 except as permitted by Section 22.06, 24.05, or 102.05;

12 (28) is residentially domiciled with or related to a
13 person engaged in selling distilled spirits, except as permitted by
14 Section 22.06, 24.05, or 102.05, so that there is a community of
15 interests which the commission or administrator finds contrary to
16 the purposes of this code;

17 (29) is residentially domiciled with or related to a
18 person whose license has been cancelled within the preceding 12
19 months so that there is a community of interests which the
20 commission or administrator finds contrary to the purposes of this
21 code; or

22 (30) failed to promptly report to the commission a
23 breach of the peace occurring on the licensee's licensed premises.

24 SECTION 196. Effective December 31, 2020, Section 61.712,
25 Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 61.712. GROUNDS FOR CANCELLATION OR SUSPENSION: SALES
27 TAX. The commission [~~or administrator~~] may deny an application for

1 a renewal license [~~refuse to renew~~] or, after notice and hearing,
2 the commission or administrator may suspend for not more than 60
3 days or cancel a license if the commission or administrator finds
4 that the licensee:

5 (1) no longer holds a sales tax permit, if required,
6 for the place of business covered by the license; or

7 (2) is shown on the records of the comptroller of
8 public accounts as being subject to a final determination of taxes
9 due and payable under the Limited Sales, Excise and Use Tax Act
10 (Chapter 151, Tax Code), or is shown on the records of the
11 comptroller of public accounts as being subject to a final
12 determination of taxes due and payable under Chapter 321, Tax Code.

13 SECTION 197. (a) Effective December 31, 2020, Section
14 61.721, Alcoholic Beverage Code, is amended to read as follows:

15 Sec. 61.721. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN
16 MUNICIPALITIES. The commission or administrator may cancel an
17 original or a renewal wine and beer retailer's permit or retail
18 dealer's on-premise license and the commission may deny an
19 application for [~~refuse to issue~~] any new alcoholic beverage permit
20 or license for the same premises for one year after the date of
21 cancellation if:

22 (1) the chief of police of the city or the sheriff of
23 the county in which the premises are located has submitted a sworn
24 statement to the commission stating specific allegations that the
25 place or manner in which the permittee or licensee conducts its
26 business endangers the general welfare, health, peace, morals, or
27 safety of the community and further stating that there is a

1 reasonable likelihood that such conduct would continue at the same
2 location under another licensee or permittee; and

3 (2) the commission [~~or administrator~~] finds, after
4 notice and hearing within the county where the premises are
5 located, that the place or manner in which the permittee or licensee
6 conducts its business does in fact endanger the general welfare,
7 health, peace, morals, or safety of the community and that there is
8 a reasonable likelihood that such conduct would continue at the
9 same location under another licensee or permittee.

10 (b) Effective September 1, 2021, Section 61.721, Alcoholic
11 Beverage Code, is amended to read as follows:

12 Sec. 61.721. CANCELLATION OF PERMIT OR LICENSE IN CERTAIN
13 MUNICIPALITIES. The commission or administrator may cancel an
14 original or a renewal wine and malt beverage [~~beer~~] retailer's
15 permit or retail dealer's on-premise license and the commission may
16 deny an application for [~~refuse to issue~~] any new alcoholic
17 beverage permit or license for the same premises for one year after
18 the date of cancellation if:

19 (1) the chief of police of the city or the sheriff of
20 the county in which the premises are located has submitted a sworn
21 statement to the commission stating specific allegations that the
22 place or manner in which the permittee or licensee conducts its
23 business endangers the general welfare, health, peace, morals, or
24 safety of the community and further stating that there is a
25 reasonable likelihood that such conduct would continue at the same
26 location under another licensee or permittee; and

27 (2) the commission [~~or administrator~~] finds, after

1 notice and hearing within the county where the premises are
2 located, that the place or manner in which the permittee or licensee
3 conducts its business does in fact endanger the general welfare,
4 health, peace, morals, or safety of the community and that there is
5 a reasonable likelihood that such conduct would continue at the
6 same location under another licensee or permittee.

7 SECTION 198. Section 61.73, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 61.73. RETAIL DEALER: CREDIT PURCHASE OR DISHONORED
10 CHECK. (a) The commission or administrator may suspend for not
11 more than 60 days or cancel an original or renewal retail dealer's
12 on- or off-premise license if it is found, after notice and hearing,
13 that the licensee purchased malt beverages [~~beer~~] or the containers
14 or original packages in which they are [~~it is~~] contained or packaged
15 except by cash payment to the seller on or before delivery. No
16 holder of either type of license may use a maneuver, device,
17 subterfuge, or shift by which credit is accepted, including payment
18 or attempted payment by a postdated check or draft. Credit for the
19 return of unbroken or undamaged containers or original packages
20 previously paid for by the purchaser may be accepted as cash by the
21 seller in an amount not more than the amount originally paid for
22 them by the purchaser.

23 (b) The commission or administrator may suspend for not more
24 than 60 days or cancel an original or renewal retail dealer's on- or
25 off-premise license if it is found, after notice and hearing, that
26 the licensee gave a check, as maker or endorser, or a draft, as
27 drawer or endorser, as full or partial payment for malt beverages

1 [~~beer~~] or the containers or packages in which they are [~~it is~~]
2 contained or packaged, which is dishonored when presented for
3 payment.

4 SECTION 199. (a) Effective September 1, 2019, Section
5 61.74(a), Alcoholic Beverage Code, is amended to read as follows:

6 (a) The commission or administrator may suspend for not more
7 than 60 days or cancel an original or renewal general[~~, local,~~] or
8 branch distributor's license if it is found, after notice and
9 hearing, that the licensee:

10 (1) violated a provision of this code or a rule of the
11 commission during the existence of the license sought to be
12 cancelled or suspended or during the immediately preceding license
13 period;

14 (2) was finally convicted for violating a penal
15 provision of this code;

16 (3) was finally convicted of a felony while holding an
17 original or renewal license;

18 (4) violated Section 101.41-101.43, 101.68,
19 102.11-102.15, 104.04, 108.01, or 108.04-108.06 [~~of this code~~], or
20 a rule or regulation promulgated under Section 5.40 [~~of this code~~];

21 (5) failed to comply with a requirement of the
22 commission relating to the keeping of records or making of reports;

23 (6) failed to pay any tax due the state on any beer the
24 licensee [~~he~~] sold, stored, or transported;

25 (7) refused to permit or interfered with an inspection
26 of the licensee's [~~his licensed~~] premises, vehicles, books, or
27 records by an authorized representative of the commission;

1 (8) consummated a sale of beer outside the county or
2 counties in which the licensee [~~he~~] was authorized to sell beer
3 under the [~~by his~~] license;

4 (9) purchased, sold, offered for sale, distributed, or
5 delivered beer while the [~~his~~] license was under suspension;

6 (10) permitted the use of the licensee's [~~his~~] license
7 in the operation of a business conducted for the benefit of a person
8 not authorized by law to have an interest in the business;

9 (11) made a false or misleading representation or
10 statement in the licensee's [~~his~~] original application or a renewal
11 application;

12 (12) has developed an incapacity that prevents or
13 could prevent the license holder from managing the license holder's
14 establishment with reasonable skill, competence, and safety to the
15 public [~~habitually uses alcoholic beverages to excess, is mentally~~
16 ~~incompetent, or is physically unable to manage his establishment~~];

17 (13) misrepresented any beer sold by the licensee
18 [~~him~~] to a retailer or to the public;

19 (14) with criminal negligence sold or delivered beer
20 to a minor; or

21 (15) purchased, possessed, stored, sold, or offered
22 for sale beer in an original package bearing a brand or trade name
23 of a manufacturer other than the brand or trade name of the
24 manufacturer shown on the container.

25 (b) Effective September 1, 2021, Section 61.74(a),
26 Alcoholic Beverage Code, is amended to read as follows:

27 (a) The commission or administrator may suspend for not more

1 than 60 days or cancel an original or renewal general[~~, local,~~] or
2 branch distributor's license if it is found, after notice and
3 hearing, that the licensee:

4 (1) violated a provision of this code or a rule of the
5 commission during the existence of the license sought to be
6 cancelled or suspended or during the immediately preceding license
7 period;

8 (2) was finally convicted for violating a penal
9 provision of this code;

10 (3) was finally convicted of a felony while holding an
11 original or renewal license;

12 (4) violated Section 101.41-101.43, 101.68,
13 102.11-102.15, 104.04, 108.01, or 108.04-108.06 [~~of this code~~], or
14 a rule or regulation promulgated under Section 5.40 [~~of this code~~];

15 (5) failed to comply with a requirement of the
16 commission relating to the keeping of records or making of reports;

17 (6) failed to pay any tax due the state on any malt
18 beverages the licensee [~~beer he~~] sold, stored, or transported;

19 (7) refused to permit or interfered with an inspection
20 of the licensee's [~~his licensed~~] premises, vehicles, books, or
21 records by an authorized representative of the commission;

22 (8) consummated a sale of malt beverages [~~beer~~]
23 outside the county or counties in which the licensee [~~he~~] was
24 authorized to sell malt beverages under the [~~beer by his~~] license;

25 (9) purchased, sold, offered for sale, distributed, or
26 delivered malt beverages [~~beer~~] while the [~~his~~] license was under
27 suspension;

1 (10) permitted the use of the licensee's [~~his~~] license
2 in the operation of a business conducted for the benefit of a person
3 not authorized by law to have an interest in the business;

4 (11) made a false or misleading representation or
5 statement in the licensee's [~~his~~] original application or a renewal
6 application;

7 (12) has developed an incapacity that prevents or
8 could prevent the license holder from managing the license holder's
9 establishment with reasonable skill, competence, and safety to the
10 public [~~habitually uses alcoholic beverages to excess, is mentally~~
11 ~~incompetent, or is physically unable to manage his establishment~~];

12 (13) misrepresented any malt beverages [~~beer~~] sold by
13 the licensee [~~him~~] to a retailer or to the public;

14 (14) with criminal negligence sold or delivered malt
15 beverages [~~beer~~] to a minor; or

16 (15) purchased, possessed, stored, sold, or offered
17 for sale malt beverages [~~beer~~] in an original package bearing a
18 brand or trade name of a brewer [~~manufacturer~~] other than the brand
19 or trade name of the brewer [~~manufacturer~~] shown on the container.

20 SECTION 200. Section 61.75, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 61.75. SUSPENSION OF BREWER'S [~~MANUFACTURER'S~~]
23 LICENSE. If a brewer [~~manufacturer~~] violates a provision of this
24 code or a rule of the commission, the commission or administrator
25 may order the brewer [~~manufacturer~~] to cease and desist from the
26 violation and may suspend its license, after notice and hearing,
27 until the licensee obeys the order.

1 SECTION 201. Effective December 31, 2020, Section 61.79,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 61.79. NOTICE OF HEARING: DENIAL [~~REFUSAL~~],
4 CANCELLATION, OR SUSPENSION OF LICENSE. Section 11.63 applies [~~of~~
5 ~~this code relates~~] to notice of a hearing for the denial [~~refusal~~],
6 cancellation, or suspension of a license.

7 SECTION 202. Effective December 31, 2020, Section 61.81,
8 Alcoholic Beverage Code, is amended to read as follows:

9 Sec. 61.81. APPEAL FROM CANCELLATION OR [~~7~~] SUSPENSION [~~7~~ OR
10 ~~REFUSAL~~] OF LICENSE. Section 11.67 [~~of this code~~] applies to an
11 appeal from a decision or order of the commission or administrator
12 [~~refusing~~7] cancelling [~~7~~] or suspending a license.

13 SECTION 203. Section 61.84(a), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (a) A [~~No~~] person whose license is cancelled may not sell or
16 offer for sale malt beverages [~~beer~~] for a period of one year
17 immediately following the cancellation, unless the order of
18 cancellation is superseded pending trial or unless the person [~~he~~]
19 prevails in a final judgment rendered on an appeal prosecuted in
20 accordance with this code.

21 SECTION 204. Section 61.85(a), Alcoholic Beverage Code, is
22 amended to read as follows:

23 (a) A person whose license is cancelled or forfeited may,
24 within 30 days of the cancellation or forfeiture, make a bulk sale
25 or disposal of any stock of malt beverages [~~beer~~] on hand at the
26 time of the cancellation or forfeiture.

27 SECTION 205. Effective September 1, 2019, Section 61.86,

1 Alcoholic Beverage Code, is amended to read as follows:

2 Sec. 61.86. DISCIPLINE FOR ACTIONS OF AGENT; RECORDS
3 RETENTION. (a) The commission or administrator may suspend or
4 revoke the license of a person who is the employer of or represented
5 by [~~the holder of~~] an agent [~~agent's beer license~~] as described by
6 Section 73.01 or otherwise discipline the person based on an act or
7 omission of [~~the holder of~~] the agent [~~agent's beer license~~] only if
8 an individual employed by the person in a supervisory position:

9 (1) was directly involved in the act or omission of the
10 agent [~~holder of the agent's beer license~~];

11 (2) had notice or knowledge of the act or omission; or

12 (3) failed to take reasonable steps to prevent the act
13 or omission.

14 (b) The holder of a license who is represented by an agent
15 shall maintain records relating to the agent's activities,
16 including any representation agreement, employment records, or
17 similar documents for not less than four years from the date the
18 record is created.

19 SECTION 206. Effective September 1, 2019, Section 61.87,
20 Alcoholic Beverage Code, is amended to read as follows:

21 Sec. 61.87. AFFIRMATION OF COMPLIANCE. A person who holds a
22 license under Chapter 64[~~7-657~~] or 66 may not be subject to an
23 administrative sanction for selling or delivering an alcoholic
24 beverage to a retailer not authorized to purchase and receive the
25 alcoholic beverage if the license holder:

26 (1) reasonably believes that the retailer is
27 authorized to purchase and receive that type of alcoholic beverage;

1 and

2 (2) obtains from the retailer at the time of delivery a
3 written affirmation, which may be printed or stamped on a sales
4 invoice evidencing the sale or delivery of alcoholic beverages by
5 the license holder, that the retailer is authorized to purchase and
6 receive the type of alcoholic beverage sold and delivered by the
7 license holder.

8 SECTION 207. The heading to Chapter 62, Alcoholic Beverage
9 Code, is amended to read as follows:

10 CHAPTER 62. BREWER'S [~~MANUFACTURER'S~~] LICENSE

11 SECTION 208. Section 62.01, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 62.01. AUTHORIZED ACTIVITIES. (a) The holder of a
14 brewer's [~~manufacturer's~~] license may:

15 (1) [~~manufacture or~~] brew malt beverages [~~beer~~] and
16 distribute and sell the malt beverages [~~it~~] in this state to the
17 holders of general[~~, local,~~] and branch distributor's licenses and
18 to qualified persons outside the state;

19 (2) dispense malt beverages [~~beer~~] for consumption on
20 the premises;

21 (3) bottle and can malt beverages [~~beer~~] and pack malt
22 beverages [~~it~~] into containers for resale in this state, regardless
23 of whether the malt beverages are [~~beer is manufactured or~~] brewed
24 in this state or in another state and imported into Texas;

25 (4) conduct samplings of malt beverages [~~beer~~],
26 including tastings, at a retailer's premises; and

27 (5) enter into an alternating brewery proprietorship

1 or contract brewing arrangement as provided by Section 62.14.

2 (b) An agent or employee of the holder of a brewer's
3 [~~manufacturer's~~] license may open, touch, or pour malt beverages
4 [~~beer~~], make a presentation, or answer questions at a sampling
5 event.

6 SECTION 209. (a) Effective September 1, 2019, Chapter 62,
7 Alcoholic Beverage Code, is amended by adding Section 62.015 to
8 read as follows:

9 Sec. 62.015. IMPORTATION OF BEER, ALE, AND MALT LIQUOR FOR
10 MANUFACTURE. (a) The holder of a manufacturer's license may:

11 (1) import for manufacturing purposes:

12 (A) beer from the holder of a nonresident
13 manufacturer's license; and

14 (B) ale and malt liquor from a holder of a
15 nonresident brewer's permit; and

16 (2) mix and blend beer, ale, and malt liquor imported
17 under Subdivision (1) and bottle and sell the resultant product.

18 (b) The state tax on beer, ale, and malt liquor imported for
19 manufacturing purposes does not accrue until:

20 (1) the beer, ale, or malt liquor has been used for
21 manufacturing purposes; and

22 (2) the resultant product has been placed in
23 containers for sale.

24 (b) Effective September 1, 2021, Chapter 62, Alcoholic
25 Beverage Code, is amended by adding Section 62.015 to read as
26 follows:

27 Sec. 62.015. IMPORTATION OF MALT BEVERAGES FOR MANUFACTURE.

1 (a) The holder of a brewer's license may:

2 (1) import for manufacturing purposes malt beverages
3 from the holder of a nonresident brewer's license; and

4 (2) mix and blend malt beverages imported under
5 Subdivision (1) and bottle and sell the resultant product.

6 (b) The state tax on malt beverages imported for
7 manufacturing purposes does not accrue until:

8 (1) the malt beverages have been used for
9 manufacturing purposes; and

10 (2) the resultant product has been placed in
11 containers for sale.

12 (c) If a conflict exists between this Act and S.B. 928, Acts
13 of the 86th Legislature, Regular Session, 2019, this Act controls
14 without regard to the relative dates of enactment.

15 SECTION 210. (a) Effective December 31, 2020, Section
16 62.03(a), Alcoholic Beverage Code, is amended to read as follows:

17 (a) Except as provided by Section 62.14, each applicant for
18 a manufacturer's license shall file with an application a sworn
19 statement that the applicant will be engaged in the business of
20 brewing and packaging beer in this state in quantities sufficient
21 to make the applicant's operation a bona fide brewing manufacturer
22 within three years of the issuance of the original license. If the
23 applicant is a corporation, the statement must be signed by one of
24 its principal officers. The commission[~~, administrator, or county~~
25 ~~judge~~] may not approve an application unless it is accompanied by
26 the required sworn statement.

27 (b) Effective September 1, 2021, Section 62.03, Alcoholic

1 Beverage Code, is amended to read as follows:

2 Sec. 62.03. STATEMENT OF INTENTION. (a) Except as provided
3 by Section 62.14, each applicant for a brewer's [~~manufacturer's~~]
4 license shall file with an application a sworn statement that the
5 applicant will be engaged in the business of brewing and packaging
6 malt beverages [~~beer~~] in this state in quantities sufficient to
7 make the applicant's operation a bona fide brewer [~~brewing~~
8 ~~manufacturer~~] within three years of the issuance of the original
9 license. If the applicant is a corporation, the statement must be
10 signed by one of its principal officers. The commission[~~7~~
11 ~~administrator, or county judge~~] may not approve an application
12 unless it is accompanied by the required sworn statement.

13 (b) This section does not apply to the holder of a
14 [~~manufacturer's~~] license which was in effect on January 1, 1953,
15 that authorized the license holder to manufacture a type of malt
16 beverage.

17 SECTION 211. Sections 62.04(a), (b), and (c), Alcoholic
18 Beverage Code, are amended to read as follows:

19 (a) A renewal of a brewer's [~~manufacturer's~~] license may not
20 be denied during the two-year period following the issuance of the
21 original license on the ground that the licensee has not brewed and
22 packaged malt beverages [~~beer~~] in this state if the licensee is
23 engaged in good faith in constructing a brewing plant on the
24 licensed premises or is engaged in one of the following preparatory
25 stages of construction:

- 26 (1) preliminary engineering;
27 (2) preparing drawings and specifications;

1 (3) conducting engineering, architectural, or
2 equipment studies; or

3 (4) preparing for the taking of bids from contractors.

4 (b) During the three-year period following the issuance of a
5 brewer's [~~manufacturer's~~] license, as long as the licensee is
6 engaged in construction or in a preliminary stage of construction
7 enumerated in Subsection (a) [~~of this section~~], the commission
8 shall issue each renewal license to take effect immediately on the
9 expiration of the expiring license and shall not require the
10 licensee to make an original application.

11 (c) After two years and 11 months has expired following the
12 issuance of an original brewer's [~~manufacturer's~~] license, the
13 commission may [~~shall~~] not issue a renewal license if it finds that
14 the licensee has not complied with the licensee's [~~his~~] sworn
15 statement filed with the [~~his~~] original application or that the
16 licensee [~~he~~] has not begun construction of a plant or initiated any
17 of the preliminary stages of construction enumerated in Subsection
18 (a) unless the commission also finds that the licensee [~~applicant~~]
19 has been prevented from doing so by causes beyond the licensee's
20 [~~his~~] reasonable control. If the commission finds that the
21 licensee has been prevented from complying by causes beyond the
22 licensee's [~~his~~] reasonable control, it may grant one additional
23 renewal for the licensee to comply with the terms of the licensee's
24 [~~his~~] sworn statement. Otherwise, the commission shall deny the
25 renewal application and may not grant a subsequent original
26 application by the licensee for a period of two years following the
27 date of the denial.

1 SECTION 212. Section 62.05(a), Alcoholic Beverage Code, is
2 amended to read as follows:

3 (a) The holder of a brewer's [~~manufacturer's~~] license shall
4 make and keep a record of each day's production or receipt of malt
5 beverages [~~beer~~] and of every sale of malt beverages [~~beer~~],
6 including the name of each purchaser. Each transaction shall be
7 recorded on the day it occurs. The licensee shall make and keep any
8 other records that the commission or administrator requires.

9 SECTION 213. (a) Effective September 1, 2019, Section
10 62.07, Alcoholic Beverage Code, is amended to read as follows:

11 Sec. 62.07. IMPORTATION OF BEER, ALE, AND MALT LIQUOR[~~+~~
12 ~~CONTAINERS, USE OF TANK CARS~~]. The holder of a manufacturer's
13 license may import beer, ale, and malt liquor into this state in
14 barrels or other containers in accordance with the provisions of
15 this code. [~~No person may ship beer into the state in tank cars.~~]

16 (b) Effective September 1, 2021, Section 62.07, Alcoholic
17 Beverage Code, is amended to read as follows:

18 Sec. 62.07. IMPORTATION OF MALT BEVERAGES [~~BEER+~~
19 ~~CONTAINERS, USE OF TANK CARS~~]. The holder of a brewer's
20 [~~manufacturer's~~] license may import malt beverages [~~beer~~] into this
21 state in barrels or other containers in accordance with the
22 provisions of this code. [~~No person may ship beer into the state in~~
23 ~~tank cars.~~]

24 (c) If a conflict exists between this Act and S.B. 928, Acts
25 of the 86th Legislature, Regular Session, 2019, this Act controls
26 without regard to the relative dates of enactment.

27 SECTION 214. (a) Effective September 1, 2019, Section

1 62.08, Alcoholic Beverage Code, is amended by adding Subsection (e)
2 to read as follows:

3 (e) The holder of a manufacturer's or distributor's license
4 shall register with the commission each warehouse used by the
5 manufacturer or distributor to store beer. The commission by rule
6 shall determine the information that is required to register a
7 warehouse under this subsection.

8 (b) Effective September 1, 2021, Section 62.08, Alcoholic
9 Beverage Code, is amended to read as follows:

10 Sec. 62.08. WAREHOUSES; DELIVERY TRUCKS. (a) The holder
11 of a brewer's [~~manufacturer's~~] or distributor's license may
12 maintain or engage necessary warehouses for storage purposes in
13 areas where the sale of malt beverages [~~beer~~] is lawful and may make
14 deliveries from the warehouses without obtaining licenses for them.
15 The licensee may not import malt beverages [~~beer~~] from outside the
16 state directly or indirectly to an unlicensed warehouse.

17 (b) A warehouse or railway car in which malt beverages are
18 served, orders for the sale of malt beverages [~~beer~~] are taken, or
19 money from the sale of malt beverages [~~beer~~] is collected is a
20 separate place of business for which a license is required.

21 (c) A truck operated by a licensed distributor for the sale
22 and delivery of malt beverages [~~beer~~] to a licensed retail dealer at
23 the dealer's place of business is not a separate place of business
24 for which a license is required.

25 (d) The commission shall promulgate rules governing the
26 transportation of malt beverages [~~beer~~], the sale of which is to be
27 consummated at a licensed retailer's place of business.

1 (e) The holder of a brewer's or distributor's license shall
2 register with the commission each warehouse used by the brewer or
3 distributor to store malt beverages. The commission by rule shall
4 determine the information that is required to register a warehouse
5 under this subsection.

6 SECTION 215. Section 62.09, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 62.09. MALT BEVERAGES [~~BEER~~] FOR EXPORT. Regardless
9 of any other provision of this code, a holder of a brewer's
10 [~~manufacturer's~~] license may brew and package malt beverages or
11 import them from outside the state, for shipment out of the state,
12 even though the alcohol content, containers, packages, or labels
13 make the beverages illegal to sell within the state. The licensee
14 may export the beverages out of state or deliver them at the
15 licensee's [~~his~~] premises for shipment out of the state without
16 being liable for any state tax on [~~beer, ale, or~~] malt beverages
17 [~~liquor~~] sold for resale in the state.

18 SECTION 216. Section 62.11, Alcoholic Beverage Code, is
19 amended to read as follows:

20 Sec. 62.11. CONTINUANCE OF OPERATION AFTER LOCAL OPTION
21 ELECTION. The right of a brewer's [~~manufacturer's~~] licensee to
22 continue operation after a prohibitory local option election is
23 covered by Section 251.75 [~~of this code~~].

24 SECTION 217. The heading to Section 62.122, Alcoholic
25 Beverage Code, is amended to read as follows:

26 Sec. 62.122. SALES BY CERTAIN BREWERS [~~MANUFACTURERS~~] TO
27 CONSUMERS.

1 SECTION 218. (a) Effective September 1, 2019, Section
2 62.122, Alcoholic Beverage Code, is amended by amending Subsections
3 (a) and (e) and adding Subsections (a-1), (e-1), and (g) to read as
4 follows:

5 (a) A manufacturer's licensee whose annual production of
6 beer, together with the annual production of ale by the holder of a
7 brewer's permit at all premises wholly or partly owned, directly or
8 indirectly, by the license holder or an affiliate or subsidiary of
9 the license holder, does not exceed 225,000 barrels may sell beer
10 produced on the manufacturer's premises under the license to
11 ultimate consumers on the manufacturer's premises:

12 (1) for responsible consumption on the manufacturer's
13 premises; or

14 (2) subject to Subsection (a-1), for off-premises
15 consumption.

16 (a-1) Sales to a consumer on the manufacturer's premises for
17 off-premises consumption are limited to 288 fluid ounces of beer
18 and ale combined per calendar day.

19 (e) A holder of a manufacturer's license who under
20 Subsection (c) sells beer produced on the manufacturer's premises
21 under the license to ultimate consumers on the manufacturer's
22 premises for responsible consumption on the manufacturer's
23 premises:

24 (1) shall file a territorial agreement with the
25 commission under Subchapters C and D, Chapter 102;

26 (2) must purchase any beer the license holder sells on
27 the manufacturer's premises from the holder of a license issued

1 under Chapter 64[~~7, 65,~~] or 66; and

2 (3) with respect to those purchases, must comply with
3 the requirements of this code governing dealings between a
4 distributor or wholesaler and a member of the retail tier,
5 including Sections 61.73 and 102.31.

6 (e-1) The commission:

7 (1) may require the holder of a manufacturer's license
8 who sells beer to ultimate consumers under this section to report to
9 the commission each month, in the manner prescribed by the
10 commission, the total amounts of beer sold by the license holder
11 under this section during the preceding month for:

12 (A) responsible consumption on the
13 manufacturer's premises; and

14 (B) off-premises consumption, as authorized by
15 Subsection (a);

16 (2) by rule shall adopt a simple form for a report
17 required under Subdivision (1); and

18 (3) shall maintain reports received under this
19 subsection for public review.

20 (g) The commission may impose an administrative penalty
21 against a license holder who violates Subsection (a-1) or fails to
22 comply with a requirement established by the commission under
23 Subsection (e-1). The commission shall adopt rules establishing:

24 (1) the amount of an administrative penalty under this
25 subsection; and

26 (2) the procedures for imposing an administrative
27 penalty under this subsection.

1 (b) Effective September 1, 2021, Section 62.122, Alcoholic
2 Beverage Code, is amended by amending Subsections (a), (b), (c),
3 and (e) and adding Subsections (a-1), (e-1), and (g) to read as
4 follows:

5 (a) A brewer's [~~manufacturer's~~] licensee whose annual
6 production of malt beverages [~~beer, together with the annual~~
7 ~~production of ale by the holder of a brewer's permit~~] at all
8 premises wholly or partly owned, directly or indirectly, by the
9 license holder or an affiliate or subsidiary of the license holder,
10 does not exceed 225,000 barrels may sell malt beverages [~~beer~~]
11 produced on the brewer's [~~manufacturer's~~] premises under the
12 license to ultimate consumers on the brewer's [~~manufacturer's~~]
13 premises:

14 (1) for responsible consumption on the brewer's
15 [~~manufacturer's~~] premises; or

16 (2) subject to Subsection (a-1), for off-premises
17 consumption.

18 (a-1) Sales to a consumer on the brewer's premises for
19 off-premises consumption are limited to 288 fluid ounces of malt
20 beverages per calendar day.

21 (b) The total [~~combined~~] sales of malt beverages [~~beer~~] to
22 ultimate consumers under this section [~~, together with the sales of~~
23 ~~ale to ultimate consumers by the holder of a brewer's permit under~~
24 ~~Section 12.052~~] at the same premises [~~7~~] may not exceed 5,000
25 barrels annually.

26 (c) Subject to Subsections (b), (d), and (e), the holder of
27 a brewer's [~~manufacturer's~~] license may sell malt beverages [~~beer~~]

1 produced on the brewer's [~~manufacturer's~~] premises under the
2 license to ultimate consumers on the brewer's [~~manufacturer's~~]
3 premises for responsible consumption on the brewer's
4 [~~manufacturer's~~] premises even if the annual production limit
5 prescribed by Subsection (a) is exceeded if:

6 (1) the license holder:

7 (A) was legally operating a manufacturing
8 facility with on-premise sales under Subsection (a) on February 1,
9 2017; or

10 (B) purchased an ownership interest in, or was
11 purchased by the holder of, a permit or license issued under Chapter
12 12, 13, 62, or 63; and

13 (2) the license holder has annual production that does
14 not exceed 175,000 barrels at the brewer's [~~manufacturer's~~]
15 premises.

16 (e) A holder of a brewer's [~~manufacturer's~~] license who
17 under Subsection (c) sells malt beverages [~~beer~~] produced on the
18 brewer's [~~manufacturer's~~] premises under the license to ultimate
19 consumers on the brewer's [~~manufacturer's~~] premises for responsible
20 consumption on the brewer's [~~manufacturer's~~] premises:

21 (1) shall file a territorial agreement with the
22 commission under Subchapters C and D, Chapter 102;

23 (2) must purchase any malt beverages [~~beer~~] the
24 license holder sells on the brewer's [~~manufacturer's~~] premises from
25 the holder of a license issued under Chapter 64[~~7-65~~] or 66; and

26 (3) with respect to those purchases, must comply with
27 the requirements of this code governing dealings between a

1 distributor [~~or wholesaler~~] and a member of the retail tier,
2 including Sections 61.73 and 102.31.

3 (e-1) The commission:

4 (1) may require the holder of a brewer's license who
5 sells malt beverages to ultimate consumers under this section to
6 report to the commission each month, in the manner prescribed by the
7 commission, the total amounts of malt beverages sold by the license
8 holder under this section during the preceding month for:

9 (A) responsible consumption on the brewer's
10 premises; and

11 (B) off-premises consumption, as authorized by
12 Subsection (a);

13 (2) by rule shall adopt a simple form for a report
14 required under Subdivision (1); and

15 (3) shall maintain reports received under this
16 subsection for public review.

17 (g) The commission may impose an administrative penalty
18 against a license holder who violates Subsection (a-1) or fails to
19 comply with a requirement established by the commission under
20 Subsection (e-1). The commission shall adopt rules establishing:

21 (1) the amount of an administrative penalty under this
22 subsection; and

23 (2) the procedures for imposing an administrative
24 penalty under this subsection.

25 SECTION 219. Sections 62.14(a), (b), (b-1), (c), and (e),
26 Alcoholic Beverage Code, are amended to read as follows:

27 (a) The holder of a brewer's [~~manufacturer's~~] or nonresident

1 brewer's [~~manufacturer's~~] license may contract with the holder of a
2 brewer's [~~manufacturer's~~] license:

3 (1) to provide manufacturing services; or

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

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

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

13 (b) An entity is not required to own its brewing
14 [~~manufacturing~~] facilities if the entity operates under an
15 alternating brewery proprietorship as provided by Subsection (a).

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

20 (c) This section does not authorize a person acting as an
21 agent for a brewer [~~manufacturer~~] located outside of this state to
22 contract with the holder of a brewer's [~~manufacturer's~~] license to
23 brew malt beverages [~~manufacture beer~~] on the person's behalf. A
24 contract described by this subsection may only be entered into by
25 the holder of a brewer's [~~manufacturer's~~] license and another
26 person holding a license under this code.

27 (e) An entity that is a party to an alternating brewery

1 proprietorship or contract brewing arrangement must post with the
2 commission a bond in an amount determined by the commission of not
3 less than \$30,000 if the entity does not own a fee interest in a
4 brewing [~~manufacturing~~] facility.

5 SECTION 220. Chapter 62, Alcoholic Beverage Code, is
6 amended by adding Section 62.15 to read as follows:

7 Sec. 62.15. IMPORTING MALT BEVERAGES. (a) In this
8 subtitle, "importer" means a person who imports malt beverages into
9 the state in quantities in excess of 288 fluid ounces in any one
10 day.

11 (b) The holder of a brewer's license may import malt
12 beverages into this state only from the holder of a nonresident
13 brewer's license and may transport those beverages into this state
14 only:

15 (1) in a motor vehicle that is:

16 (A) owned or leased in good faith by the license
17 holder; and

18 (B) printed or painted with the designation
19 required by the commission; or

20 (2) by a railway carrier or by a motor carrier
21 registered under Chapter 643, Transportation Code, or with the
22 Federal Motor Carrier Safety Administration.

23 (c) The holder of a brewer's license transporting malt
24 beverages under Subsection (b)(1) shall provide to the commission:

25 (1) a full description of each motor vehicle used by
26 the license holder for transporting malt beverages; and

27 (2) any other information the commission requires.

1 (d) A carrier transporting malt beverages as authorized by
2 Subsection (b)(2) must hold a carrier permit issued under Chapter
3 41 and the provisions of Chapter 41 relating to the transportation
4 of liquor apply to the transportation of the malt beverages. A
5 carrier may not transport malt beverages into the state unless it is
6 consigned to an importer.

7 SECTION 221. The heading to Chapter 62A, Alcoholic Beverage
8 Code, is amended to read as follows:

9 CHAPTER 62A. BREWER'S [~~MANUFACTURER'S~~] SELF-DISTRIBUTION LICENSE

10 SECTION 222. Section 62A.01, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 62A.01. ELIGIBILITY FOR LICENSE. A brewer's
13 [~~manufacturer's~~] self-distribution license may be issued only to
14 the holder of a brewer's [~~manufacturer's~~] license under Chapter 62
15 or the holder of a nonresident brewer's [~~manufacturer's~~] license
16 under Chapter 63.

17 SECTION 223. Section 62A.02, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 62A.02. AUTHORIZED ACTIVITIES. (a) A holder of a
20 brewer's [~~manufacturer's~~] self-distribution license whose annual
21 production of malt beverages [~~beer~~] under the brewer's
22 [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
23 license[, together with the annual production of ale by the holder
24 of a brewer's or nonresident brewer's permit] at all premises owned
25 directly or indirectly by the license holder or an affiliate or
26 subsidiary of the license holder, does not exceed 125,000 barrels
27 may sell malt beverages [~~beer~~] produced under the brewer's

1 ~~[manufacturer's]~~ or nonresident brewer's ~~[manufacturer's]~~ license
2 to those persons to whom the holder of a general distributor's
3 license may sell malt beverages ~~[beer]~~ under Section 64.01(a)(2).

4 (b) The total ~~[combined]~~ sales of malt beverages ~~[beer]~~
5 under this section~~[, together with the sales of ale by the holder of~~
6 ~~a brewer's self-distribution permit under Section 12A.02]~~ at all
7 premises owned directly or indirectly by the license holder or an
8 affiliate or subsidiary of the license holder~~[,]~~ may not exceed
9 40,000 barrels annually.

10 (c) With regard to a sale under this section, the holder of a
11 brewer's ~~[manufacturer's]~~ self-distribution license has the same
12 authority and is subject to the same requirements that apply to a
13 sale made by the holder of a general distributor's license.

14 (d) Malt beverages ~~[Beer]~~ sold under this section may be
15 shipped only from a manufacturing facility in this state.

16 SECTION 224. Section 62A.04(a), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (a) Not later than the 15th day of each month, the holder of
19 a brewer's ~~[manufacturer's]~~ self-distribution license shall file a
20 report with the commission that contains information relating to
21 the sales made by the license holder to a retailer during the
22 preceding calendar month.

23 SECTION 225. The heading to Chapter 63, Alcoholic Beverage
24 Code, is amended to read as follows:

25 CHAPTER 63. NONRESIDENT BREWER'S ~~[MANUFACTURER'S]~~ LICENSE

26 SECTION 226. Section 63.01, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 63.01. AUTHORIZED ACTIVITIES. The holder of a
2 nonresident brewer's [~~manufacturer's~~] license may transport malt
3 beverages [~~beer~~] into Texas only to holders of brewer's or
4 distributor's [~~importer's~~] licenses. The nonresident brewer's
5 [~~manufacturer's~~] licensee may transport the malt beverages [~~beer~~]
6 in carriers or vehicles operated by holders of carrier's permits or
7 in motor vehicles owned or leased by the nonresident brewer
8 [~~manufacturer~~]. The malt beverages [~~beer~~] must be shipped in
9 barrels or other containers in accordance with the provisions of
10 this code and may not be shipped into the state in tank cars.

11 SECTION 227. Section 63.03, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 63.03. LIABILITY FOR TAXES; BOND. The holder of a
14 nonresident brewer's [~~manufacturer's~~] license that transports malt
15 beverages [~~beer~~] into Texas in a motor vehicle owned or leased by
16 the licensee [~~him~~] is not primarily responsible for the payment of
17 the taxes on the malt beverages [~~beer~~], which remains the
18 responsibility of the holder of the brewer's or distributor's
19 [~~importer's~~] license. However, the nonresident brewer
20 [~~manufacturer~~] shall furnish the commission with a bond in an
21 amount which, in the commission's judgment, will protect the
22 revenue of the state from the tax due on the malt beverages [~~beer~~]
23 over any six-week period.

24 SECTION 228. Section 63.04, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 63.04. APPLICATION OF CODE PROVISIONS AND RULES. A
27 holder of a nonresident brewer's [~~manufacturer's~~] license is

1 subject to all applicable provisions of this code and all
2 applicable rules of the commission which apply to holders of
3 brewer's [~~manufacturer's~~] licenses, including rules relating to the
4 quality, purity, and identity of malt beverages [~~beer~~] and to
5 protecting the public health. The commission may suspend or cancel
6 a nonresident brewer's [~~manufacturer's~~] license and apply penalties
7 in the same manner as it does with respect to a brewer's
8 [~~manufacturer's~~] license.

9 SECTION 229. Sections 63.05(a), (b), (b-1), (c), and (e),
10 Alcoholic Beverage Code, are amended to read as follows:

11 (a) The holder of a brewer's [~~manufacturer's~~] or nonresident
12 brewer's [~~manufacturer's~~] license may contract with the holder of a
13 nonresident brewer's [~~manufacturer's~~] license:

- 14 (1) to provide brewing [~~manufacturing~~] services; or
15 (2) for the use of the license holder's brewing
16 [~~manufacturing~~] facilities under an alternating brewery
17 proprietorship if each party to the proprietorship:

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

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

24 (b) An entity is not required to own its brewing
25 [~~manufacturing~~] facilities if the entity operates under an
26 alternating brewery proprietorship as provided by Subsection (a).

27 (b-1) Each entity that is a party to an alternating brewery

1 proprietorship or contract brewing arrangement must hold a license
2 at the location where brewing [~~manufacturing~~] services are
3 conducted under the arrangement.

4 (c) This section does not authorize a person acting as an
5 agent for a brewer [~~manufacturer~~] located outside of this state to
6 contract with the holder of a nonresident brewer's [~~manufacturer's~~]
7 license to brew malt beverages [~~manufacture beer~~] on the person's
8 behalf. A contract described by this subsection may only be entered
9 into by the holder of a nonresident brewer's [~~manufacturer's~~]
10 license and another person holding a license under this code.

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

16 SECTION 230. Section 64.01(a), Alcoholic Beverage Code, is
17 amended to read as follows:

18 (a) The holder of a general distributor's license may:

19 (1) receive malt beverages [~~beer~~] in unbroken original
20 packages from brewers [~~manufacturers~~] and brewpubs and from
21 general[~~, local~~] or branch distributors;

22 (2) distribute or sell malt beverages [~~beer~~] in the
23 unbroken original packages in which they are [~~it is~~] received to
24 general or [~~,~~] branch[~~, or local~~] distributors, to local distributor
25 permittees, to permittees or licensees authorized to sell to
26 ultimate consumers, to private club registration permittees, to
27 authorized outlets located on any installation of the national

1 military establishment, or to qualified persons for shipment and
2 consumption outside the state; and

3 (3) serve free malt beverages [~~beer~~] for consumption
4 on the licensed premises.

5 SECTION 231. Section 64.03, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 64.03. SALE OF MALT BEVERAGES [~~BEER~~] TO PRIVATE CLUBS.
8 The holder of a general distributor's license may sell and deliver
9 malt beverages [~~beer~~] to private clubs located in wet areas without
10 having to secure a prior order. All sales made under the authority
11 of this section must be made in accordance with Sections 61.73 and
12 102.31 [~~of this code~~].

13 SECTION 232. Section 64.04(a), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (a) Each holder of a general[~~, local,~~] or branch
16 distributor's license shall make and keep a daily record of every
17 receipt of malt beverages [~~beer~~] and of every sale of malt beverages
18 [~~beer~~], including the name of each purchaser. Each transaction
19 shall be recorded on the day it occurs. The licensee shall make and
20 keep any other records that the commission or administrator
21 requires.

22 SECTION 233. Section 64.07, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 64.07. MAY SHARE PREMISES. (a) Any number of
25 general[~~, local,~~] and branch distributors may use the same delivery
26 vehicles, premises, location, or place of business as licensed
27 premises if the malt beverages [~~beer~~] owned and stored by each of

1 the distributors are [~~is~~] segregated.

2 (b) If delivery vehicles are shared by any number of
3 distributors who also hold any class of wholesaler's permits,
4 liquor or malt beverages [~~beer~~] may be transported. [~~The~~
5 ~~provisions of Section 42.03 of this code do not apply and no~~
6 ~~distributor or wholesaler shall be required to obtain the~~
7 ~~certificate or permit described by that section to share a delivery~~
8 ~~vehicle for the transportation of liquor or beer.~~]

9 (c) The provisions of Subsections (a) and (b) [~~of this~~
10 ~~section~~] that relate to shared delivery vehicles apply only to
11 those general[~~, local,~~] or branch distributors who hold a
12 territorial designation from a brewer [~~manufacturer~~] under Section
13 102.51 [~~of this code~~].

14 SECTION 234. (a) Effective September 1, 2019, Sections
15 64.08(a) and (c), Alcoholic Beverage Code, are amended to read as
16 follows:

17 (a) The holder of a general distributor's license may sell
18 beer [~~to the holder of an industrial permit~~] for use as an
19 ingredient in the manufacturing and processing of food products.

20 (c) A person [~~The industrial permittee~~] may not resell beer
21 purchased under this section, divert the beer to use for beverage
22 purposes, possess the beer with intent that it be used for beverage
23 purposes, or possess the beer under circumstances from which it may
24 reasonably be deduced that the beer is to be used for beverage
25 purposes.

26 (b) Effective September 1, 2021, Section 64.08, Alcoholic
27 Beverage Code, is amended to read as follows:

1 Sec. 64.08. MALT BEVERAGES [~~BEER~~] FOR USE IN FOOD PRODUCTS
2 INDUSTRY. (a) The holder of a general distributor's license may
3 sell malt beverages [~~beer to the holder of an industrial permit~~] for
4 use as an ingredient in the manufacturing and processing of food
5 products.

6 (b) The malt beverages [~~beer~~] must be sold in containers of
7 not less than one-half barrel. The sale is subject to the
8 requirements of Section 102.31 [~~of this code~~]. The seller shall
9 keep records of shipments and sales of malt beverages [~~beer~~] in a
10 manner prescribed by the commission or administrator.

11 (c) A person [~~The industrial permittee~~] may not resell malt
12 beverages [~~beer~~] purchased under this section, divert the malt
13 beverages [~~beer~~] to use for beverage purposes, possess the malt
14 beverages [~~beer~~] with intent that the malt beverages [~~it~~] be used
15 for beverage purposes, or possess the malt beverages [~~beer~~] under
16 circumstances from which it may reasonably be deduced that the malt
17 beverages are [~~beer is~~] to be used for beverage purposes.

18 (d) Taxes imposed by this code do not apply to malt
19 beverages [~~beer~~] sold under this section.

20 SECTION 235. Section 64.09, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 64.09. MALT BEVERAGES [~~BEER~~] FOR EXPORT. (a) In this
23 section "malt beverages [~~beer~~] for export" means malt beverages
24 [~~beer~~] a distributor holds for export to another state in which the
25 distributor has been assigned a territory for the distribution and
26 sale of the malt beverages [~~beer~~]. The term includes malt beverages
27 [~~beer~~] that are [~~is~~] illegal to sell in this state because of

1 alcohol content, containers, packages, or labels.

2 (b) The holder of a general distributor's license who
3 receives malt beverages [~~beer~~] for export from the holder of a
4 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
5 license may:

6 (1) store the malt beverages [~~beer~~] for export at the
7 distributor's premises;

8 (2) transport the malt beverages [~~beer~~] for export
9 outside the state in the distributor's own vehicles; or

10 (3) deliver the malt beverages [~~beer~~] for export to a
11 common carrier for export and delivery outside the state.

12 (c) The holder of a general distributor's license is not
13 liable for any state tax on the malt beverages [~~beer~~] for export.

14 (d) Section 101.67 does not apply to malt beverages [~~beer~~]
15 for export.

16 SECTION 236. Chapter 64, Alcoholic Beverage Code, is
17 amended by adding Section 64.10 to read as follows:

18 Sec. 64.10. IMPORTING MALT BEVERAGES. (a) In this section,
19 "importer" means a person who imports malt beverages into the state
20 in quantities in excess of 288 fluid ounces in any one day.

21 (b) The holder of a general distributor's license may import
22 malt beverages into this state only from the holder of a nonresident
23 brewer's license and may transport those beverages into this state
24 only:

25 (1) in a motor vehicle that is:

26 (A) owned or leased in good faith by the license
27 holder; and

1 (B) printed or painted with the designation
2 required by the commission; or

3 (2) by a railway carrier or by a motor carrier
4 registered under Chapter 643, Transportation Code, or with the
5 Federal Motor Carrier Safety Administration.

6 (c) The holder of a general distributor's license
7 transporting malt beverages under Subsection (b)(1) shall provide
8 to the commission:

9 (1) a full description of each motor vehicle used by
10 the license holder for transporting malt beverages; and

11 (2) any other information the commission requires.

12 (d) A carrier transporting malt beverages as authorized by
13 Subsection (b)(2) must hold a carrier permit issued under Chapter
14 41 and the provisions of Chapter 41 relating to the transportation
15 of liquor apply to the transportation of the malt beverages. A
16 carrier may not transport malt beverages into the state unless it is
17 consigned to an importer.

18 SECTION 237. Section 66.03(a), Alcoholic Beverage Code, is
19 amended to read as follows:

20 (a) Except as provided in Subsection (b) [~~of this section~~],
21 a branch distributor's license may be issued only to the holder of a
22 general distributor's license who first has obtained the primary
23 license in the county of the licensee's [~~his~~] residence or
24 domicile. The branch distributor's license may be issued for
25 premises in any county where the sale of malt beverages [~~beer~~] is
26 legal.

27 SECTION 238. Section 66.07, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 66.07. SALE OF MALT BEVERAGES [~~BEER~~] TO PRIVATE CLUBS.
3 The holder of a branch distributor's license may sell and deliver
4 malt beverages [~~beer~~] to private clubs located in wet areas without
5 having to secure a prior order. All sales made under the authority
6 of this section must be made in accordance with Sections 61.73 and
7 102.31 [~~of this code~~].

8 SECTION 239. Section 66.11, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 66.11. MALT BEVERAGES [~~BEER~~] FOR EXPORT. (a) In this
11 section "malt beverages [~~beer~~] for export" means malt beverages
12 [~~beer~~] a distributor holds for export to another state in which the
13 distributor has been assigned a territory for the distribution and
14 sale of the malt beverages [~~beer~~]. The term includes malt beverages
15 [~~beer~~] that are [~~is~~] illegal to sell in this state because of
16 alcohol content, containers, packages, or labels.

17 (b) The holder of a branch distributor's license who
18 receives malt beverages [~~beer~~] for export from the holder of a
19 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
20 license may:

21 (1) store the malt beverages [~~beer~~] for export at the
22 distributor's premises;

23 (2) transport the malt beverages [~~beer~~] for export
24 outside the state in the distributor's own vehicles; or

25 (3) deliver the malt beverages [~~beer~~] for export to a
26 common carrier for export and delivery outside the state.

27 (c) The holder of a branch distributor's license is not

1 liable for any state tax on the malt beverages [~~beer~~] for export.

2 (d) Section 101.67 does not apply to malt beverages [~~beer~~]
3 for export.

4 SECTION 240. Section 69.01, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 69.01. AUTHORIZED ACTIVITIES. The holder of a retail
7 dealer's on-premise license may sell malt beverages [~~beer~~] in or
8 from any lawful container to the ultimate consumer for consumption
9 on or off the premises where sold. The licensee may not sell malt
10 beverages [~~beer~~] for resale.

11 SECTION 241. Section 69.04, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 69.04. HOTELS NOT DISQUALIFIED. The fact that a hotel
14 holds a permit to sell distilled spirits in unbroken packages does
15 not disqualify the hotel from also obtaining a license to sell malt
16 beverages [~~beer~~] for on-premises consumption.

17 SECTION 242. Effective December 31, 2020, Sections
18 69.06(a), (b), and (c), Alcoholic Beverage Code, are amended to
19 read as follows:

20 (a) The commission [~~county judge~~] shall deny an original
21 application for a retail dealer's on-premise license if the
22 commission [~~county judge~~] finds that the applicant or the
23 applicant's spouse, during the five years immediately preceding the
24 application, was finally convicted of a felony or one of the
25 following offenses:

26 (1) prostitution;

27 (2) a vagrancy offense involving moral turpitude;

- 1 (3) bookmaking;
- 2 (4) gambling or gaming;
- 3 (5) an offense involving controlled substances as
- 4 defined in the Texas Controlled Substances Act, including an
- 5 offense involving a synthetic cannabinoid, or an offense involving
- 6 other dangerous drugs;
- 7 (6) a violation of this code resulting in the
- 8 cancellation of a license or permit, or a fine of not less than
- 9 \$500;
- 10 (7) more than three violations of this code relating
- 11 to minors;
- 12 (8) bootlegging; or
- 13 (9) an offense involving firearms or a deadly weapon.

14 (b) The commission [~~county judge~~] shall also deny an

15 original application for a license if the commission [~~he~~] finds

16 that five years has not elapsed since the termination of a sentence,

17 parole, or probation served by the applicant or the applicant's

18 spouse because of a felony conviction or conviction of any of the

19 offenses described in Subsection (a) [~~of this section~~].

20 (c) The commission shall deny an application for [~~refuse to~~

21 ~~issue~~] a renewal of a retail dealer's on-premise license if it

22 finds:

23 (1) that the applicant or the applicant's spouse has

24 been finally convicted of a felony or one of the offenses listed in

25 Subsection (a) [~~of this section~~] at any time during the five years

26 immediately preceding the filing of the application for renewal; or

27 (2) that five years has not elapsed since the

1 termination of a sentence, parole, or probation served by the
2 applicant or the applicant's spouse because of a felony prosecution
3 or prosecution for any of the offenses described in Subsection (a)
4 [~~of this section~~].

5 SECTION 243. Section 69.10, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 69.10. STORING OR POSSESSING MALT BEVERAGES [~~BEER~~] OFF
8 PREMISES PROHIBITED. No holder of a retail dealer's on-premise
9 license may own, possess, or store malt beverages [~~beer~~] for the
10 purpose of resale except on the licensed premises.

11 SECTION 244. Section 69.11, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 69.11. EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES
14 [~~BEER~~] BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP. The owner
15 of two or more licensed retail premises may not exchange or
16 transport malt beverages [~~beer~~] between them unless all of the
17 conditions set out in Section 24.04 [~~of this code~~] are met, except
18 that malt beverages [~~beer~~] may be transferred between two licensed
19 retail premises that are both covered by package store permits as
20 provided in Section 22.08 [~~of this code~~].

21 SECTION 245. Section 69.13, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 69.13. BREACH OF PEACE: RETAIL ESTABLISHMENT. The
24 commission or administrator may suspend or cancel the license of a
25 retail malt beverage [~~beer~~] dealer after giving the licensee notice
26 and the opportunity to show compliance with all requirements of law
27 for retention of the license if it finds that a breach of the peace

1 has occurred on the licensed premises or on premises under the
2 licensee's control and that the breach of the peace was not beyond
3 the control of the licensee and resulted from the licensee's [~~his~~]
4 improper supervision of persons permitted to be on the licensed
5 premises or on premises under the licensee's [~~his~~] control.

6 SECTION 246. Section 69.17(a), Alcoholic Beverage Code, is
7 amended to read as follows:

8 (a) Notwithstanding any other provision of this code, a
9 license under this chapter may be issued for a premises in an area
10 in which the voters have approved the following alcoholic beverage
11 ballot issues in a local option election:

12 (1) "The legal sale of malt beverages [~~beer~~] and wine
13 for off-premise consumption only."; and

14 (2) either:

15 (A) "The legal sale of mixed beverages."; or

16 (B) "The legal sale of mixed beverages in
17 restaurants by food and beverage certificate holders only."

18 SECTION 247. Chapter 69, Alcoholic Beverage Code, is
19 amended by adding Section 69.18 to read as follows:

20 Sec. 69.18. SALES AT TEMPORARY LOCATION. (a) The holder of
21 a retail dealer's on-premise license may temporarily sell malt
22 beverages in or from any lawful container to ultimate consumers:

23 (1) at a picnic, celebration, or similar event; and

24 (2) in the county where the license is issued.

25 (b) The holder of a retail dealer's on-premise license may
26 temporarily sell malt beverages under this section for not more
27 than four consecutive days at the same location.

1 (c) The commission shall adopt rules to implement this
2 section, including rules that:

3 (1) require the license holder to notify the
4 commission of the dates on which and location where the license
5 holder will temporarily offer malt beverages for sale under this
6 section;

7 (2) establish a procedure to verify the wet or dry
8 status of the location where the license holder intends to
9 temporarily sell malt beverages under this section;

10 (3) detail the circumstances when a license holder may
11 temporarily sell malt beverages under this section with just a
12 notification to the commission and the circumstances that require
13 the commission's preapproval before a license holder may
14 temporarily sell malt beverages under this section; and

15 (4) require the license holder to provide any other
16 information the commission determines necessary.

17 SECTION 248. Section 71.01, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 71.01. AUTHORIZED ACTIVITIES. The holder of a retail
20 dealer's off-premise license may sell malt beverages [~~beer~~] in
21 lawful containers to consumers, but not for resale and not to be
22 opened or consumed on or near the premises where sold.

23 SECTION 249. Section 71.06, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 71.06. STORING OR POSSESSING MALT BEVERAGES [~~BEER~~] OFF
26 PREMISES PROHIBITED. A [~~No~~] holder of a retail dealer's
27 off-premise license may not own, possess, or store malt beverages

1 [~~beer~~] for the purpose of resale except on the licensed premises.

2 SECTION 250. Section 71.07, Alcoholic Beverage Code, is
3 amended to read as follows:

4 Sec. 71.07. EXCHANGE OR TRANSPORTATION OF MALT BEVERAGES
5 [~~BEER~~] BETWEEN LICENSED PREMISES UNDER SAME OWNERSHIP. Section
6 69.11 [~~of this code~~] relates to the exchange or transportation of
7 malt beverages [~~beer~~] between licensed premises by retail dealers.

8 SECTION 251. Section 71.09, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 71.09. BREACH OF PEACE: RETAIL ESTABLISHMENT. The
11 application of sanctions for the occurrence of a breach of the peace
12 at a retail malt beverage [~~beer~~] establishment is covered by
13 Section 69.13 [~~of this code~~].

14 SECTION 252. Section 71.10(a), Alcoholic Beverage Code, is
15 amended to read as follows:

16 (a) Each holder of a retail dealer's off-premise license
17 shall display in a prominent place on the licensee's [~~his~~] premises
18 a sign stating in letters at least two inches high: IT IS A CRIME
19 (MISDEMEANOR) TO CONSUME LIQUOR OR MALT BEVERAGES [~~BEER~~] ON THESE
20 PREMISES.

21 SECTION 253. Section 71.11, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 71.11. MALT BEVERAGE [~~BEER~~] SAMPLING. (a) The holder
24 of a retail dealer's off-premise license may conduct free product
25 samplings of malt beverages [~~beer~~] on the license holder's premises
26 during regular business hours as provided by this section.

27 (b) An agent or employee of the holder of a retail dealer's

1 off-premise license may open, touch, or pour malt beverages [~~beer~~],
2 make a presentation, or answer questions at a sampling event.

3 (c) For the purposes of this code and any other law or
4 ordinance:

5 (1) a retail dealer's off-premise license does not
6 authorize the sale of alcoholic beverages for on-premise
7 consumption; and

8 (2) none of the license holder's income may be
9 considered to be income from the sale of alcoholic beverages for
10 on-premise consumption.

11 (d) Any malt beverages [~~beer~~] used in a sampling event under
12 this section must be purchased from or provided by the retailer on
13 whose premises the sampling event is held.

14 SECTION 254. (a) Effective September 1, 2019, the heading
15 to Chapter 73, Alcoholic Beverage Code, is amended to read as
16 follows:

17 CHAPTER 73. [~~AGENT'S~~] BEER AGENT [~~LICENSE~~]

18 (b) Effective September 1, 2021, the heading to Chapter 73,
19 Alcoholic Beverage Code, is amended to read as follows:

20 CHAPTER 73. MALT BEVERAGE AGENT [~~AGENT'S BEER LICENSE~~]

21 SECTION 255. (a) Effective September 1, 2019, Section
22 73.01, Alcoholic Beverage Code, is amended to read as follows:

23 Sec. 73.01. AUTHORIZED ACTIVITIES. (a) Subject to the
24 limitations imposed in Section 73.011 [~~of this code~~] or elsewhere
25 in this code, a person [~~the holder of an agent's beer license,~~]
26 acting as an employee or representative of a licensed manufacturer
27 of beer located inside or outside the state or as an employee or

1 representative of a licensed distributor[~~r~~] may:

2 (1) promote the sale of beer through methods such as
3 solicitation, display, advertising, and personal contact with
4 licensed retailers of beer and their agents, servants, and
5 employees, and with consumers of beer; and

6 (2) sell beer and offer it for sale.

7 (b) A person acting as a beer agent may represent only one
8 permitted or licensed business at a time while soliciting or taking
9 orders.

10 (b) Effective September 1, 2021, Section 73.01, Alcoholic
11 Beverage Code, is amended to read as follows:

12 Sec. 73.01. AUTHORIZED ACTIVITIES. (a) Subject to the
13 limitations imposed in Section 73.011 [~~of this code~~] or elsewhere
14 in this code, a person [~~the holder of an agent's beer license,~~]
15 acting as an employee or representative of a licensed brewer
16 [~~manufacturer~~] of malt beverages [~~beer~~] located inside or outside
17 the state or as an employee or representative of a licensed
18 distributor[~~r~~] may:

19 (1) promote the sale of malt beverages [~~beer~~] through
20 methods such as solicitation, display, advertising, and personal
21 contact with licensed retailers of malt beverages [~~beer~~] and their
22 agents, servants, and employees, and with consumers of malt
23 beverages [~~beer~~]; and

24 (2) sell malt beverages [~~beer~~] and offer them [~~it~~] for
25 sale.

26 (b) A person acting as a malt beverage agent may represent
27 only one permitted or licensed business at a time while soliciting

1 or taking orders.

2 SECTION 256. (a) Effective September 1, 2019, Section
3 73.011, Alcoholic Beverage Code, is amended to read as follows:

4 Sec. 73.011. LIMITATIONS ON AUTHORITY OF [~~AGENT'S~~] BEER
5 AGENT [~~LICENSEE~~]. (a) A person [~~holder of an agent's beer license~~]
6 who is an employee or agent of a manufacturer's licensee or a
7 nonresident manufacturer's licensee may not represent that the
8 person [~~holder~~] is the agent of or is acting on behalf of a licensed
9 distributor. An agent may not engage in conduct that is prohibited
10 by Section 102.75 [~~of this code~~] or other provisions of this code.

11 (b) A [~~holder of an agent's~~] beer agent [~~license~~] may not
12 make a representation, solicitation, or offer that this code or the
13 rules of the commission prohibits the agent's employer from
14 offering, making, or fulfilling.

15 (b) Effective September 1, 2021, Section 73.011, Alcoholic
16 Beverage Code, is amended to read as follows:

17 Sec. 73.011. LIMITATIONS ON AUTHORITY OF MALT BEVERAGE
18 AGENT [~~AGENT'S BEER LICENSEE~~]. (a) A person [~~holder of an agent's~~
19 ~~beer license~~] who is an employee or agent of a brewer's
20 [~~manufacturer's~~] licensee or a nonresident brewer's
21 [~~manufacturer's~~] licensee may not represent that the person
22 [~~holder~~] is the agent of or is acting on behalf of a licensed
23 distributor. A malt beverage [~~An~~] agent may not engage in conduct
24 that is prohibited by Section 102.75 [~~of this code~~] or other
25 provisions of this code.

26 (b) A malt beverage agent [~~A holder of an agent's beer~~
27 ~~license~~] may not make a representation, solicitation, or offer that

1 this code or the rules of the commission prohibits the agent's
2 employer from offering, making, or fulfilling.

3 SECTION 257. Section 74.01, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 74.01. AUTHORIZED ACTIVITIES. (a) A holder of a
6 brewpub license for a brewpub located in a wet area, as that term is
7 described by Section 251.71 [~~of this code~~], may:

8 (1) [~~manufacture,~~] brew, bottle, can, package, and
9 label malt beverages [~~liquor, ale, and beer~~];

10 (2) sell or offer without charge, on the premises of
11 the brewpub, to ultimate consumers for consumption on or off those
12 premises, malt beverages [~~liquor, ale, or beer~~] produced by the
13 holder, in or from a lawful container, to the extent the sales or
14 offers are allowed under the holder's other permits or licenses;
15 and

16 (3) sell food on the premises of the holder's
17 breweries.

18 (b) The holder of a brewpub license may establish, operate,
19 or maintain one or more licensed brewpubs in this state under the
20 same general management or ownership. The holder shall pay the fee
21 assessed by the commission for each establishment. For the
22 purposes of this subsection, two or more establishments are under
23 the same general management or ownership if:

24 (1) the establishments bottle the same brand of malt
25 beverage [~~liquor, beer, or ale~~] or bottle malt beverages [~~liquor,~~
26 ~~beer, or ale~~] brewed by the same brewer [~~manufacturer~~]; or

27 (2) the person, regardless of domicile, who

1 establishes, operates, or maintains the establishments is
2 controlled or directed by one management or by an association of
3 ultimate management.

4 (c) A holder of a brewpub license must also hold a wine and
5 malt beverage [~~beer~~] retailer's permit, a mixed beverage permit, or
6 a retail dealer's on-premise license.

7 (d) The holder of a brewpub license may not hold or have an
8 interest either directly or indirectly, or through a subsidiary,
9 affiliate, agent, employee, officer, director, or other person, in
10 a brewer's [~~manufacturer's~~] or distributor's license or any other
11 license or permit in the manufacturing or wholesaling levels of the
12 alcoholic beverage industry regardless of the specific names given
13 to permits or licenses in Title 3 of this code. The holder shall be
14 considered a "retailer" for purposes of Section 102.01 [~~of this~~
15 ~~code~~].

16 (e) [~~A holder of a retail dealer's on-premise license who~~
17 ~~obtains a brewpub license may not manufacture, brew, bottle, can,~~
18 ~~package, label, sell, or offer without charge malt liquor or ale.~~

19 [(g)] The holder of a brewpub license may deliver malt
20 beverages brewed [~~liquor, ale, or beer manufactured~~] by the holder
21 to a location other than the holder's premises for the purpose of
22 submitting the malt beverages [~~liquor, ale, or beer~~] for an
23 evaluation at an organized malt beverage [~~liquor, ale, or beer~~]
24 tasting, competition, or review. At a tasting, competition, or
25 review, a holder of a brewpub license may:

26 (1) dispense without charge malt beverages brewed
27 [~~liquor, ale, or beer manufactured~~] by the holder to a person

1 attending the event for consumption on the premises of the event;
2 and

3 (2) discuss with a person attending the event the
4 brewing [~~manufacturing~~] and characteristics of the malt beverages
5 [~~liquor, ale, or beer~~].

6 SECTION 258. Section 74.03, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 74.03. PRODUCTION LIMIT. The total annual production
9 of malt beverages [~~liquor, ale, and beer~~] by a holder of a brewpub
10 license may not exceed 10,000 barrels for each licensed brewpub.

11 SECTION 259. Section 74.04, Alcoholic Beverage Code, is
12 amended to read as follows:

13 Sec. 74.04. LICENSE APPLICATION, RENEWAL, AND MAINTENANCE;
14 RECORDS; LICENSE ISSUANCE. All provisions of this code that apply
15 to a brewpub licensee's wine and malt beverage [~~beer~~] retailer's
16 permit, mixed beverage permit, or retail dealer's on-premise
17 license also apply to the brewpub license.

18 SECTION 260. (a) Effective December 31, 2020, Section
19 74.05, Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 74.05. STATEMENT OF INTENT. An applicant for a
21 brewpub license shall file with the application a sworn statement
22 that the applicant shall be engaged in the business of brewing and
23 packaging malt liquor, ale, or beer in this state in quantities
24 sufficient to operate a brewpub not later than six months after the
25 date of issuance of the original license. If the applicant is a
26 corporation, the statement must be signed by a principal corporate
27 officer. The commission[~~, administrator, or county judge~~] may not

1 issue a brewpub license to an applicant who does not submit the
2 required sworn statement with the application for a license.

3 (b) Effective September 1, 2021, Section 74.05, Alcoholic
4 Beverage Code, is amended to read as follows:

5 Sec. 74.05. STATEMENT OF INTENT. An applicant for a
6 brewpub license shall file with the application a sworn statement
7 that the applicant shall be engaged in the business of brewing and
8 packaging malt beverages [~~liquor, ale, or beer~~] in this state in
9 quantities sufficient to operate a brewpub not later than six
10 months after the date of issuance of the original license. If the
11 applicant is a corporation, the statement must be signed by a
12 principal corporate officer. The commission[~~, administrator, or~~
13 ~~county judge~~] may not issue a brewpub license to an applicant who
14 does not submit the required sworn statement with the application
15 for a license.

16 SECTION 261. Section 74.06, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 74.06. QUALITY STANDARDS. Brewing [~~Manufacturing or~~
19 ~~brewing~~] equipment used by a holder of a brewpub license, and
20 process, labeling, and packaging conducted by a holder of a brewpub
21 license, shall conform to standards and tax requirements imposed by
22 this code and the commission's rules for the brewing [~~manufacture~~]
23 of malt beverages [~~beer and the brewing of ale and malt liquor~~] and
24 shall conform to any standards that may be applied by the agency of
25 the United States charged with supervising and inspecting the
26 [~~manufacture and~~] brewing of alcoholic beverages.

27 SECTION 262. Section 74.07, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 74.07. CONTAINER SIZE. In addition to any other
3 container for [~~beer, ale, or~~] malt beverages [~~liquor~~] authorized
4 elsewhere in this code, a holder of a brewpub license may store or
5 serve to consumers [~~beer, ale, or~~] malt beverages brewed [~~liquor~~
6 ~~manufactured~~] by the holder of the license at the premises of the
7 brewpub license from any container having the capacity of one
8 barrel or whole multiples of one barrel.

9 SECTION 263. Sections 74.08(a) and (d), Alcoholic Beverage
10 Code, are amended to read as follows:

11 (a) In addition to the activities authorized by Section
12 74.01, the holder of a brewpub license who holds a wine and malt
13 beverage [~~beer~~] retailer's permit and whose sale of [~~beer, ale, or~~]
14 malt beverages [~~liquor~~] consists only of [~~beer, ale, or~~] malt
15 beverages brewed [~~liquor manufactured~~] on the brewpub's premises
16 may[+]

17 ~~[(1) sell malt liquor or ale produced under the~~
18 ~~license to those retailers or qualified persons to whom the holder~~
19 ~~of a general class B wholesaler's permit may sell malt liquor or ale~~
20 ~~under Section 20.01; and~~

21 [(2)] sell malt beverages [~~beer~~] produced under the
22 license to:

23 (1) [(A)] those retailers to whom the holder of a
24 general distributor's license may sell malt beverages [~~beer~~] under
25 Section 64.01; or

26 (2) [(B)] qualified persons to whom the holder of a
27 general distributor's license may sell malt beverages [~~beer~~] for

1 shipment and consumption outside the state under Section 64.01.

2 (d) The total amount of malt beverages [~~liquor, ale, and~~
3 ~~beer~~] sold under this section to persons in this state may not
4 exceed 1,000 barrels annually for each licensed brewpub location or
5 2,500 barrels annually for all brewpubs operated by the same
6 licensee.

7 SECTION 264. Section 74.09, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 74.09. SALES TO DISTRIBUTORS. (a) In addition to the
10 activities authorized by Section 74.01, the holder of a brewpub
11 license may sell malt beverages [~~beer~~] produced under the license
12 to the holder of a general[~~, local,~~] or branch distributor's
13 license.

14 (b) The holder of a brewpub license who sells malt beverages
15 [~~beer~~] under Subsection (a) shall comply with the requirements of
16 Section 102.51.

17 SECTION 265. Effective December 1, 2020, Section 81.003,
18 Alcoholic Beverage Code, is amended to read as follows:

19 Sec. 81.003. SUBMISSION OF INFORMATION BY CERTAIN
20 OFFICIALS. For the purposes of Section 81.004 or 81.005, the
21 district or county attorney of the county or the city attorney of
22 the city in which the premises are located may provide information
23 to the commission[~~, administrator, or county judge, as~~
24 ~~appropriate,~~] indicating that the holder of, or applicant for, a
25 permit or license covering the premises has used or can reasonably
26 be expected to use or allow others to use the premises in a manner
27 that constitutes a common nuisance.

1 SECTION 266. Effective December 31, 2020, Section 81.004,
2 Alcoholic Beverage Code, is amended to read as follows:

3 Sec. 81.004. APPLICATION FOR ORIGINAL OR RENEWAL PERMIT OR
4 LICENSE. The commission[~~, administrator, or county judge, as~~
5 ~~applicable,~~] may deny an application for [~~refuse to issue~~] an
6 original or renewal permit or license as provided by Section
7 11.43[~~, after notice and an opportunity for a hearing,~~] if the
8 commission[~~, administrator, or county judge~~] finds that, at any
9 time during the 12 months preceding the permit or license
10 application, a common nuisance existed on the premises for which
11 the permit or license is sought, regardless of whether the acts
12 constituting the common nuisance were engaged in by the applicant
13 or whether the applicant controlled the premises at the time the
14 common nuisance existed. The commission[~~, administrator, or~~
15 ~~county judge, as applicable,~~] may issue an original or renewal
16 permit or license if[~~, at the hearing,~~] it is found that the
17 applicant did not control the premises at the time the common
18 nuisance existed and the applicant has taken reasonable measures to
19 abate the common nuisance.

20 SECTION 267. Effective December 31, 2020, Section 81.006,
21 Alcoholic Beverage Code, is amended to read as follows:

22 Sec. 81.006. ORDER IMPOSING ADDITIONAL CONDITIONS ON PERMIT
23 OR LICENSE HOLDER. (a) The commission[~~, administrator, or county~~
24 ~~judge, as applicable,~~] may, after notice and hearing [~~under Section~~
25 ~~81.004 or 81.005~~], issue an order imposing any condition on a permit
26 or license holder that is reasonably necessary to abate a common
27 nuisance on the premises.

1 (b) The commission [~~or administrator~~] may suspend for not
2 more than 60 days or cancel the permit or license of a permit or
3 license holder who violates an order issued under this
4 section. The commission [~~or administrator~~] may offer the permit or
5 license holder the opportunity to pay a civil penalty rather than
6 have the permit or license suspended.

7 SECTION 268. Effective December 31, 2020, Sections
8 81.007(a), (b), (b-1), and (c), Alcoholic Beverage Code, are
9 amended to read as follows:

10 (a) Before holding a hearing and making a determination
11 under Section 81.004 or 81.005, the commission[~~, administrator, or~~
12 ~~county judge, as applicable,~~] may, if there is evidence showing a
13 reasonable likelihood that a common nuisance exists on the premises
14 for which the permit or license is held or sought, issue an order
15 imposing any condition on the permit or license holder or the
16 applicant for the permit or license that is reasonably necessary to
17 abate a common nuisance on the premises. An order issued under
18 this section is effective until:

19 (1) the expiration of the time for appealing the
20 determination under Section 81.004 or 81.005; or

21 (2) if the determination is appealed, until all
22 appeals are finally decided.

23 (b) A hearings officer [~~or county judge~~] may issue an order
24 under this section on the hearings officer's [~~or county judge's~~] own
25 motion or the motion of a person listed in Section 81.003 or, for an
26 original or renewal permit or license application, any individual
27 entitled to protest the issuance of the original or renewal permit

1 or license.

2 (b-1) If an individual [~~other than a person described in~~
3 ~~Subsection (b)]~~ who is entitled to protest the issuance of the
4 original or renewal permit or license files a motion for a temporary
5 order under this section, the commission[~~, administrator, or county~~
6 ~~judge, as applicable,~~] may not issue a temporary order without
7 conducting a hearing.

8 (c) The commission [~~hearings officer or county judge~~] may
9 impose any sanction on a person who violates an order issued under
10 Subsection (a) that is necessary to secure compliance with the
11 order.

12 SECTION 269. Effective December 31, 2020, Sections
13 101.01(c) and (d), Alcoholic Beverage Code, are amended to read as
14 follows:

15 (c) If the court finds that a person has violated a
16 restraining order or injunction issued under this section, it shall
17 enter a judgment to that effect. The judgment operates to cancel
18 without further proceedings any license or permit held by the
19 person. The district clerk [~~shall notify the county judge of the~~
20 ~~county where the premises covered by the permit or license are~~
21 ~~located and~~] shall notify the commission when a judgment is entered
22 that operates to cancel a license or permit.

23 (d) A A [~~No~~] license or permit may not be issued to a person
24 whose license or permit is cancelled under Subsection (c) until the
25 first anniversary of the date the license or permit is cancelled [~~of~~
26 ~~this section for one year after the cancellation~~].

27 SECTION 270. Section 101.32(b), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (b) Possession in a dry area of more than 24 twelve-ounce
3 bottles of malt beverages [~~beer~~], or an equivalent amount, is prima
4 facie evidence of possession with intent to sell.

5 SECTION 271. Section 101.41, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 101.41. CONTAINERS, PACKAGING, AND DISPENSING
8 EQUIPMENT OF MALT BEVERAGES [~~BEER~~]: LABELS. (a) A brewer [~~No~~
9 ~~manufacturer~~] or distributor, directly or indirectly or through a
10 subsidiary, affiliate, agent, employee, officer, director, or firm
11 member, may not brew [~~manufacture~~], sell, or otherwise introduce
12 into commerce any container, packaging, or dispensing equipment of
13 malt beverages [~~beer~~] that does not meet the requirements of this
14 section.

15 (b) Every container of malt beverages [~~beer~~] must have a
16 label or imprint in legible type showing the full name and address
17 of the brewer [~~manufacturer~~] and, if it contains a special brand
18 brewed for a distributor, of the distributor. Any box, crate,
19 carton, or similar device in which containers of malt beverages
20 [~~beer~~] are sold or transported must have a label meeting the same
21 requirements.

22 (c) The label of a container of malt beverages [~~beer~~] must
23 state:

24 (1) the net contents in terms of United States liquor
25 measure; and

26 (2) the alcohol content by volume.

27 (d) A [~~No~~] container, packaging material, or dispensing

1 equipment may not bear a label or imprint that:

2 (1) by wording, lettering, numbering, or
3 illustration, or in any other manner refers or alludes to or
4 suggests a brewing [~~manufacturing~~] process, aging, analysis, or a
5 scientific fact;

6 (2) refers or alludes to the "proof," "balling," or
7 "extract" of the product;

8 (3) is untrue in any respect; or

9 (4) by ambiguity, omission, or inference tends to
10 create a misleading impression, or causes or is calculated to cause
11 deception of the consumer with respect to the product.

12 SECTION 272. Section 101.42, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 101.42. RETURNABLE CONTAINER: ACCEPTANCE BY ANOTHER
15 BREWER [~~MANUFACTURER~~]. A brewer [~~No manufacturer~~] of malt
16 beverages [~~beer~~] may not purchase, accept as a return, or use a
17 barrel, half-barrel, keg, case, or bottle permanently branded or
18 imprinted with the name of another brewer [~~manufacturer~~].

19 SECTION 273. Section 101.43(a), Alcoholic Beverage Code, is
20 amended to read as follows:

21 (a) A brewer [~~No manufacturer~~] or distributor, directly or
22 indirectly, or through a subsidiary, affiliate, agent, employee,
23 officer, director, or firm member, may not sell or otherwise
24 introduce into commerce a brewery product that is misbranded.

25 SECTION 274. Section 101.46(b), Alcoholic Beverage Code, is
26 amended to read as follows:

27 (b) Subsection (a) [~~of this section~~] does not apply to

1 permittees or licensees while engaged in supplying [~~airline~~
 2 ~~beverage,~~] mixed beverage permittees[~~7~~] or passenger
 3 transportation [~~bus beverage~~] permittees under Section 48.03 or
 4 48.05, nor to the possession or sale of liquor by a [~~an airline~~
 5 ~~beverage,~~] mixed beverage permittee[~~7~~] or a passenger
 6 transportation [~~bus beverage~~] permittee under Section 48.03 or
 7 48.05, but none of the permittees or licensees covered by this
 8 subsection may possess liquor in a container with a capacity of less
 9 than one fluid ounce.

10 SECTION 275. Section 101.48, Alcoholic Beverage Code, is
 11 amended to read as follows:

12 Sec. 101.48. COMMISSION'S REGULATORY AUTHORITY. Sections
 13 5.39 and 5.40 [~~of this code~~] relate to the commission's authority to
 14 regulate liquor containers and malt beverage [~~beer~~] container
 15 deposits.

16 SECTION 276. Section 101.66, Alcoholic Beverage Code, is
 17 amended to read as follows:

18 Sec. 101.66. BEVERAGES OF CERTAIN ALCOHOL CONTENT
 19 PROHIBITED. A [~~No~~] person may not manufacture, sell, barter, or
 20 exchange a beverage that contains more than [~~alcohol in excess of~~]
 21 one-half of one percent alcohol by volume and not more than five
 22 [~~four~~] percent [~~of~~] alcohol by volume [~~weight~~], except malt
 23 beverages [~~beer~~], wine coolers, and spirit coolers.

24 SECTION 277. (a) Effective December 31, 2020, Section
 25 101.67, Alcoholic Beverage Code, is amended to read as follows:

26 Sec. 101.67. PRIOR APPROVAL OF MALT BEVERAGES. (a) Before
 27 an authorized licensee [~~No person~~] may ship or cause to be shipped

1 into the state, import into the state, manufacture and offer for
2 sale in the state, or distribute, sell, or store in the state any
3 ~~[beer, ale, or]~~ malt beverages, the licensee must register the malt
4 beverages with the commission. The registration application must
5 include a certificate of label approval issued by the United States
6 Alcohol and Tobacco Tax and Trade Bureau for the product [~~liquor~~
7 ~~unless:~~

8 ~~[(1) a sample of the beverage or a sample of the same~~
9 ~~type and quality of beverage has been first tested to verify the~~
10 ~~alcohol content of the beverage by:~~

11 ~~[(A) an independent laboratory,~~

12 ~~[(B) a laboratory certified by the United States~~
13 ~~Alcohol and Tobacco Tax and Trade Bureau or its successor agency as~~
14 ~~qualified for the analysis of beer for export, or~~

15 ~~[(C) the commission, and~~

16 ~~[(2) the label of the beverage has been first~~
17 ~~submitted to the commission or its representative and found to~~
18 ~~comply with all provisions of this code relating to the labeling of~~
19 ~~the particular type of beverage].~~

20 (b) Only a brewer's or nonresident brewer's permittee, a
21 manufacturer's or nonresident manufacturer's licensee, or a brewpub
22 licensee may apply to register ~~[for and receive label approval on~~
23 ~~beer, ale, or]~~ malt beverages with the commission [~~liquor~~].

24 (c) This section does not apply to the importation of beer
25 for personal consumption and not for sale.

26 (d) On registration of a certificate of label approval
27 issued by the United States Alcohol and Tobacco Tax and Trade

1 Bureau, the commission shall approve the product under this section
2 and issue a letter to that effect to the licensee unless the
3 commission determines the product, despite having a valid federal
4 certificate of label approval, would create a public safety
5 concern, create a cross-tier violation, or otherwise violate this
6 code. [~~If the commission determines that the product tested and~~
7 label submitted under Subsection (a) comply with the provisions of
8 this code and the rules of the commission,]

9 (d-1) If the commission approves the product, the
10 commission shall issue a certificate of approval upon receipt of a
11 fee in an amount that is sufficient to cover the cost of
12 administering this section. A copy of the certificate shall be kept
13 on file in the office of the commission.

14 (e) Not later than the 30th day after the date the
15 commission receives an application for registration of a product
16 under this section, the commission shall either approve or deny the
17 registration application. If the commission denies the application
18 for a product with a valid federal certificate of label approval or
19 fails to act on the application within the time required by this
20 subsection, the licensee submitting the application is entitled to
21 an administrative hearing before the State Office of Administrative
22 Hearings [~~The commission may require proof by affidavit or~~
23 otherwise that a laboratory performing a test under Subsection
24 (a)(1)(A) is independent].

25 (f) The commission by rule shall establish procedures for:
26 (1) accepting federal certificates of label approval
27 for registration under this section;

1 (2) registering alcoholic beverage products that are
2 not eligible to receive a certificate of label approval issued by
3 the United States Alcohol and Tobacco Tax and Trade Bureau; and

4 (3) registering alcoholic beverage products during
5 periods when the United States Alcohol and Tobacco Tax and Trade
6 Bureau has ceased processing applications for a certificate of
7 label approval.

8 (g) The commission shall consider the nutrition label
9 requirements of the United States Food and Drug Administration and
10 the alcohol label requirements of the United States Alcohol and
11 Tobacco Tax and Trade Bureau in developing the label requirements
12 to register products described by Subsection (f)(2).

13 (h) The rules adopted under this section may not require
14 testing for alcohol content as part of the process for registering
15 an alcoholic beverage with the commission.

16 (b) Effective September 1, 2021, Sections 101.67(b) and (c),
17 Alcoholic Beverage Code, are amended to read as follows:

18 (b) Only a brewer's [~~or nonresident brewer's permittee, a~~
19 ~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~] licensee,
20 or a brewpub licensee may apply to register [~~for and receive label~~
21 ~~approval on beer, ale, or~~] malt beverages with the commission
22 [~~liquor~~].

23 (c) This section does not apply to the importation of malt
24 beverages [~~beer~~] for personal consumption and not for sale.

25 SECTION 278. (a) Effective September 1, 2019, Subchapter
26 D, Chapter 101, Alcoholic Beverage Code, is amended by adding
27 Section 101.6701 to read as follows:

1 Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT
2 BEVERAGES. (a) This section applies only to:

3 (1) the holder of a brewer's permit authorized under
4 Section 12.052 to sell ale produced on the brewer's premises under
5 the permit to ultimate consumers on the brewer's premises for
6 responsible consumption on the brewer's premises and for
7 off-premises consumption; and

8 (2) the holder of a manufacturer's license authorized
9 under Section 62.122 to sell beer produced on the manufacturer's
10 premises under the license to ultimate consumers on the
11 manufacturer's premises for responsible consumption on the
12 manufacturer's premises and for off-premises consumption.

13 (b) Notwithstanding Sections 101.41 and 101.67 or any other
14 law, a permit or license holder to whom this section applies may
15 sell beer, ale, or malt liquor to ultimate consumers for
16 consumption on the permit or license holder's premises or for
17 off-premises consumption without receiving label approval for the
18 beer, ale, or malt liquor.

19 (c) A permit or license holder who sells beer, ale, or malt
20 liquor under Subsection (b) shall:

21 (1) post in a conspicuous place on the permit or
22 license holder's premises the alcohol content of the beer, ale, or
23 malt liquor in percentage of alcohol by volume; and

24 (2) provide in writing to an ultimate consumer who
25 purchases beer, ale, or malt liquor for off-premises consumption:

26 (A) the product name of the beer, ale, or malt
27 liquor; and

1 (B) the alcohol content of the beer, ale, or malt
2 liquor in percentage of alcohol by volume.

3 (d) A permit or license holder satisfies the requirements of
4 Subsection (c)(2) if the permit or license holder:

5 (1) writes the product name and alcohol content on the
6 container of the beer, ale, or malt liquor; or

7 (2) applies a label with the product name and alcohol
8 content to the container of the beer, ale, or malt liquor.

9 (b) Effective September 1, 2021, Subchapter D, Chapter 101,
10 Alcoholic Beverage Code, is amended by adding Section 101.6701 to
11 read as follows:

12 Sec. 101.6701. LABEL APPROVAL NOT REQUIRED FOR CERTAIN MALT
13 BEVERAGES. (a) This section applies only to the holder of a
14 brewer's license authorized under Section 62.122 to sell malt
15 beverages produced on the brewer's premises under the license to
16 ultimate consumers on the brewer's premises for responsible
17 consumption on the brewer's premises and for off-premises
18 consumption.

19 (b) Notwithstanding Sections 101.41 and 101.67 or any other
20 law, a license holder to whom this section applies may sell malt
21 beverages to ultimate consumers for consumption on the license
22 holder's premises or for off-premises consumption without
23 receiving label approval for the malt beverages.

24 (c) A license holder who sells malt beverages under
25 Subsection (b) shall:

26 (1) post in a conspicuous place on the license holder's
27 premises the alcohol content of the malt beverages in percentage of

1 alcohol by volume; and

2 (2) provide in writing to an ultimate consumer who
3 purchases a malt beverage for off-premises consumption:

4 (A) the product name of the malt beverage; and

5 (B) the alcohol content of the malt beverage in
6 percentage of alcohol by volume.

7 (d) A license holder satisfies the requirements of
8 Subsection (c)(2) if the license holder:

9 (1) writes the product name and alcohol content on the
10 container of the malt beverage; or

11 (2) applies a label with the product name and alcohol
12 content to the container of the malt beverage.

13 SECTION 279. Effective December 31, 2020, Section 101.671,
14 Alcoholic Beverage Code, is amended by amending Subsections (b) and
15 (d) and adding Subsections (c-1), (e), and (f) to read as follows:

16 (b) On registration of a certificate of label approval
17 issued by the United States Alcohol and Tobacco Tax and Trade
18 Bureau, the commission shall approve the product under this section
19 and issue a letter to that effect to the permittee unless the
20 commission determines the product, despite having a valid federal
21 certificate of label approval, would create a public safety
22 concern, create a cross-tier violation, or otherwise violate this
23 code. The commission may not require additional approval for the
24 product unless there is a change to the label or product that
25 requires reissuance of the federal certificate of label approval.
26 The commission shall accept the certificate of label approval as
27 constituting full compliance only with any applicable standards

1 adopted under Section 5.38 regarding quality, purity, and identity
2 of distilled spirits or wine.

3 (c-1) Not later than the 30th day after the date the
4 commission receives an application for registration of a product
5 under this section, the commission shall either approve or deny the
6 registration application. If the commission denies the application
7 for a product with a valid federal certificate of label approval or
8 fails to act on the application within the time required by this
9 subsection, the permittee submitting the application is entitled to
10 an administrative hearing before the State Office of Administrative
11 Hearings.

12 (d) The commission by rule shall [~~may~~] establish procedures
13 for:

14 (1) accepting:

15 (A) [~~(1)~~] federal certificates of label approval
16 for registration under this section; and

17 (B) [~~(2)~~] proof, such as a letter of
18 authorization, that a permittee is the primary American source of
19 supply of the product or brand for purposes of Section 37.10; and

20 (2) registering alcoholic beverage products that are
21 not eligible to receive a certificate of label approval issued by
22 the United States Alcohol and Tobacco Tax and Trade Bureau.

23 (e) The commission shall consider the nutrition label
24 requirements of the United States Food and Drug Administration and
25 the alcohol label requirements of the United States Alcohol and
26 Tobacco Tax and Trade Bureau in developing the label requirements
27 to register products described by Subsection (d)(2).

1 (f) The rules adopted under this section may not require
2 testing for alcohol content as part of the process for registering
3 an alcoholic beverage with the commission.

4 SECTION 280. Section 101.72(a), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (a) A person commits an offense if the person knowingly
7 consumes liquor or malt beverages [~~beer~~] on the premises of a holder
8 of a wine and malt beverage [~~beer~~] retailer's off-premise permit or
9 a retail dealer's off-premise license.

10 SECTION 281. Section 102.03(a), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (a) This section applies to the holder of a [~~brewer's,~~]
13 distiller's and rectifier's, winery, wholesaler's, or class B
14 wholesaler's[~~, or wine bottler's~~] permit.

15 SECTION 282. Section 102.04(a), Alcoholic Beverage Code, is
16 amended to read as follows:

17 (a) This section applies to any person who has an interest
18 in the business of a distiller-rectifier, [~~brewer,~~] wholesaler,
19 class B wholesaler, winery, [~~wine bottler,~~] or local distributor's
20 permittee. This section also applies to the agent, servant, or
21 employee of a person who has an interest in one of those businesses.

22 SECTION 283. Section 102.05, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 102.05. HOTEL: MULTIPLE INTERESTS AUTHORIZED. A
25 hotel may hold a package store permit, mixed beverage permit, wine
26 and malt beverage [~~beer~~] retailer's permit, and retail dealer's
27 license if the businesses are completely segregated from each

1 other.

2 SECTION 284. Effective September 1, 2019, Section 102.06,
3 Alcoholic Beverage Code, is amended to read as follows:

4 Sec. 102.06. RELATIONSHIP BETWEEN AGENT [~~OR MANUFACTURER'S~~
5 ~~AGENT~~] AND PACKAGE STORE. An agent acting under Chapter 35 or 36 [~~No~~
6 ~~holder of an agent's or manufacturer's agent's permit~~] may not
7 directly or indirectly have an interest in a package store permit or
8 wine only package store permit or be residentially domiciled with a
9 person who has a financial interest in a package store permit or
10 wine only package store permit.

11 SECTION 285. Section 102.07(a), Alcoholic Beverage Code, is
12 amended to read as follows:

13 (a) Except as provided in Subsections (b), (d), and (g), a
14 [~~no~~] person who owns or has an interest in the business of a
15 distiller, [~~brewer,~~] rectifier, wholesaler, class B wholesaler, or
16 winery, or [~~wine bottler, nor~~] the agent, servant, or employee of
17 such a person, may not:

18 (1) own or have a direct or indirect interest in the
19 business, premises, equipment, or fixtures of a retailer;

20 (2) furnish, give, or lend any money, service, or
21 thing of value to a retailer;

22 (3) guarantee a financial obligation of a retailer;

23 (4) make or offer to enter an agreement, condition, or
24 system which will in effect amount to the shipment and delivery of
25 alcoholic beverages on consignment;

26 (5) furnish, give, rent, lend, or sell to a retail
27 dealer any equipment, fixtures, or supplies to be used in selling or

1 dispensing alcoholic beverages, except that alcoholic beverages
2 may be packaged in combination with other items if the package is
3 designed to be delivered intact to the ultimate consumer and the
4 additional items have no value or benefit to the retailer other than
5 that of having the potential of attracting purchases and promoting
6 sales;

7 (6) pay or make an allowance to a retailer for a
8 special advertising or distribution service;

9 (7) allow an excessive discount to a retailer; or

10 (8) offer a prize, premium, gift, or similar
11 inducement to a retailer or to the agent, servant, or employee of a
12 retailer.

13 SECTION 286. Section 102.07(f), Alcoholic Beverage Code, as
14 effective April 1, 2019, is amended to read as follows:

15 (f) Notwithstanding Subsection (a) [~~of this section~~],
16 Section 108.05, or any other provision of this code, a holder of a
17 [~~brewer's permit, nonresident brewer's permit,~~] distiller's and
18 rectifier's permit, winery permit, nonresident seller's permit,
19 brewer's [~~manufacturer's~~] license, or nonresident brewer's
20 [~~manufacturer's~~] license may, in order to promote the brand name of
21 the permittee's or licensee's products, contract with a person
22 licensed under Subtitle A-1, Title 13, Occupations Code (Texas
23 Racing Act), for on-site advertising signs, for advertising in
24 programs, and to supplement purses for races even though the
25 licensees under that subtitle or the owners or operators of the
26 racing facilities also hold a mixed beverage permit or other permit
27 or license under this code. In addition, a permittee or licensee

1 described by this subsection may contract for off-site advertising
2 promoting specific races. A part of the cost of an advertisement or
3 promotion authorized by this section may not be charged to or paid,
4 directly or indirectly, by the holder of a wholesaler's [~~wholesale~~]
5 permit, general class B wholesaler's permit, [~~local class B~~
6 ~~wholesaler's permit,~~] local distributor's permit, or general
7 distributor's license[~~, or local distributor's license~~], except
8 through the price paid by that holder for products purchased from
9 the holder's supplier.

10 SECTION 287. Section 102.07(g), Alcoholic Beverage Code, is
11 amended to read as follows:

12 (g) Subsection (a) does not prohibit a permittee covered
13 under Subsection (a) from prearranging or preannouncing a
14 promotional activity otherwise permitted by this code with a
15 retailer about a promotional activity to be held on the retailer's
16 premises. Notwithstanding any other provision, a permittee may:

- 17 (1) preannounce a promotion to a consumer; or
18 (2) preannounce the purchase of wine or [~~or~~] distilled
19 spirits[~~, ale, or malt liquor~~] to a consumer.

20 SECTION 288. Sections 102.071(d) and (e), Alcoholic
21 Beverage Code, are amended to read as follows:

22 (d) Sections 61.73 and 102.31 apply to payment for glassware
23 bearing the name, emblem, or logo of a brand of malt beverage by the
24 holder of [~~a wholesaler's permit or~~] a distributor's license.

25 (e) For the purposes of Subchapters C and D, the sale, by the
26 holder of a distributor's license, of a nonalcoholic beverage
27 produced or sold by a brewer [~~manufacturer~~] of malt beverages and

1 that bears the name, emblem, logo, or brand of a brewer
2 [~~manufacturer~~] of malt beverages is the same as a sale of malt
3 beverages [~~beer~~].

4 SECTION 289. Section 102.11, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 102.11. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
7 PROHIBITED INTERESTS. A brewer [~~No manufacturer~~] or distributor
8 directly or indirectly, or through a subsidiary, affiliate, agent,
9 employee, officer, director, or firm member, may not:

10 (1) own any interest in the business or premises of a
11 retail dealer of malt beverages [~~beer~~]; or

12 (2) hold or have an interest in a license to sell
13 brewery products for on-premises consumption, except to the extent
14 that a brewer's [~~manufacturer's~~] license permits on-premises
15 consumption.

16 SECTION 290. Section 102.12, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 102.12. COMMERCIAL BRIBERY BY BREWER [~~MANUFACTURER~~] OR
19 DISTRIBUTOR. A brewer [~~No manufacturer~~] or distributor directly or
20 indirectly, or through a subsidiary, affiliate, agent, employee,
21 officer, director, or firm member, may not give or permit to be
22 given money or any thing of value in an effort to induce agents,
23 employees, or representatives of customers or prospective
24 customers to influence their employers or principals to purchase or
25 contract to purchase brewery products from the brewer
26 [~~manufacturer~~] or distributor or to refrain from buying those
27 products from other persons.

1 SECTION 291. Section 102.13, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 102.13. EXCLUSIVE OUTLET AGREEMENT AS TO BREWERY
4 PRODUCTS. A brewer [~~No manufacturer~~] or distributor directly or
5 indirectly, or through a subsidiary, affiliate, agent, employee,
6 officer, director, or firm member, may not require, by agreement or
7 otherwise, that a retailer engaged in the sale of brewery products
8 purchase any of those products from the brewer [~~him~~] to the total or
9 partial exclusion of the products sold or offered for sale by a
10 competitor or require the retailer to take or dispose of a certain
11 quota of the product.

12 SECTION 292. Section 102.14, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 102.14. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
15 FURNISHING EQUIPMENT OR FIXTURES. (a) A brewer [~~No manufacturer~~]
16 or distributor directly or indirectly, or through a subsidiary,
17 affiliate, agent, employee, officer, director, or firm member, may
18 not furnish, give, rent, lend, or sell any equipment, fixtures, or
19 supplies to a person engaged in selling brewery products for
20 on-premises consumption.

21 (b) This section does not apply to equipment, fixtures, or
22 supplies furnished, given, loaned, rented, or sold before November
23 16, 1935, except that transactions made before that date may not be
24 used as consideration for an agreement made after that date with
25 respect to the purchase of brewery products. If a brewer
26 [~~manufacturer~~] or distributor of brewery products or an agent or
27 employee of one of them removes the equipment, fixtures, or

1 supplies from the premises of the person to whom they were
2 furnished, given, loaned, rented, or sold, the exemption granted by
3 this subsection no longer applies to the equipment, fixtures, or
4 supplies.

5 (c) Notwithstanding any other provision of this code, a
6 brewer [~~manufacturer~~] or distributor may, with written approval of
7 the administrator, sell for cash devices designed to extract
8 brewery products from legal containers subject to the following
9 conditions:

10 (1) the legal containers must not exceed a one-eighth
11 barrel capacity and must not be reused or refilled;

12 (2) the selling price of such devices may be no less
13 than the cost of acquisition to the brewer [~~manufacturer~~] or
14 distributor; and

15 (3) such devices which extract brewery products from
16 legal containers covered by this section may not be furnished,
17 given, rented, or sold by the brewer [~~manufacturer~~] or distributor
18 to a licensee or permittee authorized to sell or serve brewery
19 products for on-premise consumption, or to the ultimate consumer.

20 SECTION 293. Section 102.15, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 102.15. BREWER [~~MANUFACTURER~~] OR DISTRIBUTOR:
23 PROHIBITED DEALINGS WITH RETAILER. (a) Except as provided by
24 Subsection (b), a brewer [~~no manufacturer~~] or distributor directly
25 or indirectly, or through a subsidiary, affiliate, agent, employee,
26 officer, director, or firm member, may not:

27 (1) furnish, give, or lend any money or other thing of

1 value to a person engaged or about to be engaged in selling brewery
2 products for on-premises or off-premises consumption, or give the
3 person any money or thing of value for the person's [~~his~~] use,
4 benefit, or relief; or

5 (2) guarantee the repayment of a loan or the
6 fulfillment of a financial obligation of a person engaged in or
7 about to be engaged in selling malt beverages [~~beer~~] at retail.

8 (b) Subsection (a) does not prohibit a brewer
9 [~~manufacturer~~] or distributor from prearranging or preannouncing a
10 promotional activity otherwise permitted by this code with a
11 retailer about a promotional activity to be held on the retailer's
12 premises. Notwithstanding any other provision, a brewer
13 [~~manufacturer~~] or distributor may:

14 (1) preannounce a promotion to a consumer; or

15 (2) preannounce the purchase of malt beverages [~~beer~~]
16 to a consumer.

17 SECTION 294. Section 102.17, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 102.17. CONTRACT FOR SALE OF LIQUOR. A [~~brewer,~~]
20 distiller and rectifier, winery permittee, [~~manufacturer,~~] or
21 nonresident seller of liquor and the holder of a wholesaler's
22 permit may enter into a contract for the sale and purchase of a
23 specified quantity of liquor to be delivered over an agreed period
24 of time, but only if the contract is first submitted to the
25 commission or administrator and found by the commission or
26 administrator not to be calculated to induce a violation of this
27 code.

1 SECTION 295. Section 102.18, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 102.18. BREWER [~~MANUFACTURER~~]: PROHIBITED INTERESTS.

4 (a) This section applies to the following:

5 (1) a holder of a brewer's [~~manufacturer's~~] or
6 nonresident brewer's [~~manufacturer's~~] license;

7 (2) an officer, director, agent, or employee of an
8 entity named in Subdivision (1) [~~of this subsection~~]; or

9 (3) an affiliate of an entity named in Subdivision (1)
10 [~~of this subsection~~], regardless of whether the affiliation is
11 corporate or by management, direction, or control.

12 (b) An [~~No~~] entity named in Subsection (a) [~~of this section~~]
13 may not have any interest in the license, business, assets, or
14 corporate stock of a holder of a general[~~, local,~~] or branch
15 distributor's license.

16 SECTION 296. Section 102.21, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 102.21. CONTINUITY OF CERTAIN PROTECTIONS FOR MALT
19 BEVERAGE [~~BEER~~] DISTRIBUTORS. The protections provided to malt
20 beverage [~~beer~~] distributors by Subchapters C and D apply
21 regardless of whether there is a transfer or change of ownership of
22 a brand at the manufacturing level.

23 SECTION 297. Section 102.22(a), Alcoholic Beverage Code, is
24 amended to read as follows:

25 (a) A person who holds [~~a permit issued under Chapter 12 or~~
26 ~~13 or~~] a license issued under Chapter 62 or 63 shall verify to the
27 commission on an annual basis that a brewing [~~or manufacturing~~]

1 facility owned or controlled by the [~~permit or~~] license holder is
2 not used to produce malt beverages primarily for a specific
3 retailer or the retailer's affiliates.

4 SECTION 298. Section 102.31(a), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (a) This section applies to:

7 (1) the sale of malt beverages [~~beer~~] or malt beverage
8 [~~its~~] containers or the original packages in which malt beverages
9 are [~~it is~~] received, packaged, or contained by a distributor's
10 licensee to a retail dealer's on-premise or off-premise licensee, a
11 wine and malt beverage [~~beer~~] retailer's permittee, or a wine and
12 malt beverage [~~beer~~] retailer's off-premise permittee; and

13 (2) the sale of malt beverages by a local distributor's
14 permittee, or by any licensee authorized to sell those beverages
15 for resale, to a mixed beverage [~~or daily temporary mixed beverage~~]
16 permittee.

17 SECTION 299. Sections 102.32(a)(1) and (2), Alcoholic
18 Beverage Code, are amended to read as follows:

19 (1) "Wholesale dealer" means a wholesaler, class B
20 wholesaler, winery, [~~wine bottler,~~] or local distributor's
21 permittee.

22 (2) "Retailer" means a package store, wine only
23 package store, wine and malt beverage [~~beer~~] retailers, wine and
24 malt beverage [~~beer~~] retailer's off-premise, or mixed beverage
25 permittee, any other retailer, or a private club registration
26 permittee. For purposes of this section, the holder of a winery
27 permit issued under Chapter 16 is a retailer when the winery permit

1 holder purchases wine from the holder of a wholesaler's permit
2 issued under Chapter 19 for resale to ultimate consumers in
3 unbroken packages.

4 SECTION 300. The heading to Subchapter C, Chapter 102,
5 Alcoholic Beverage Code, is amended to read as follows:

6 SUBCHAPTER C. TERRITORIAL LIMITS ON SALE OF MALT BEVERAGES [~~BEER~~]

7 SECTION 301. Section 102.51, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 102.51. SETTING OF TERRITORIAL LIMITS. (a) Each
10 holder of a brewer's [~~manufacturer's~~] or nonresident brewer's
11 [~~manufacturer's~~] license shall designate territorial limits in
12 this state within which the brands of malt beverages [~~beer~~] the
13 licensee brews [~~manufactures~~] may be sold by general[~~, local,~~] or
14 branch distributor's licensees.

15 (b) Each holder of a general[~~, local,~~] or branch
16 distributor's license shall enter into a written agreement with
17 each brewer [~~manufacturer~~] from which the distributor purchases
18 malt beverages [~~beer~~] for distribution and sale in this state
19 setting forth the sales territory within which each brand of malt
20 beverage [~~beer~~] purchased by that distributor may be distributed
21 and sold. No holder of a general[~~, local,~~] or branch distributor's
22 license shall make any sales of any brand of malt beverage [~~beer~~]
23 outside the sales territory specified in the written agreement. No
24 such agreement shall interfere with the rights of retailers to
25 purchase malt beverages [~~beer~~] as provided in Section 102.53. A
26 brewer [~~manufacturer~~] may not assign all or any part of the same
27 sales territory to more than one distributor. A copy of the

1 agreement and any amendments to it shall be filed with the
2 administrator.

3 (c) This Act is promulgated pursuant to the authority of the
4 state under the provisions of the Twenty-first Amendment to the
5 United States Constitution to promote the public interest in the
6 fair, efficient, and competitive distribution of malt beverages
7 [~~beer~~], to increase competition in such areas, and to assure
8 product quality control and accountability by allowing brewers
9 [~~manufacturers~~] to assign sales territories within this state.

10 SECTION 302. Section 102.52, Alcoholic Beverage Code, is
11 amended to read as follows:

12 Sec. 102.52. RIGHTS OF DISTRIBUTORS. Nothing in Section
13 102.51 [~~of this code~~] limits or alters the right of a holder of a
14 general[~~, local,~~] or branch distributor's license to sell malt
15 beverages [~~beer~~] to any other holder of a general[~~, local,~~] or
16 branch distributor's license, except that a distributor who has
17 purchased malt beverages [~~beer~~] from another distributor may
18 distribute and sell the malt beverages [~~beer~~] only within a
19 territory for which the brewer [~~manufacturer~~] of the brand has
20 designated that it may be sold by the general[~~, local,~~] or branch
21 distributor making the purchase.

22 SECTION 303. Section 102.53, Alcoholic Beverage Code, is
23 amended to read as follows:

24 Sec. 102.53. RIGHTS OF RETAILERS. Nothing in Section
25 102.51 or 102.52 [~~of this code~~] limits or alters the right of a
26 holder of a retail license or permit to purchase malt beverages
27 [~~beer~~] at the licensed premises of any general[~~, local,~~] or branch

1 distributor's licensee in the state and transport those malt
2 beverages [~~that beer~~] to the licensee's [~~his~~] licensed premises,
3 except that the retailer may sell the malt beverages [~~beer~~] only
4 within a territory for which the brewer [~~manufacturer~~] of the brand
5 has designated that the malt beverages [~~it~~] may be sold by a
6 distributor.

7 SECTION 304. (a) Effective December 31, 2020, Sections
8 102.54(a) and (b), Alcoholic Beverage Code, are amended to read as
9 follows:

10 (a) In addition to any other requirements necessary for
11 issuance or renewal of a distributor's license, the commission [~~or~~
12 ~~administrator~~] shall require an applicant for a license or a holder
13 of a license to show that the applicant or holder:

14 (1) has entered into or will acquire a written
15 agreement designating an assigned territory from a manufacturer in
16 accordance with this subchapter and Subchapter D;

17 (2) has received or has applied for and will maintain
18 all licenses or permits required to engage in business in the
19 assigned territory as a holder of a distributor's license,
20 including any state or federal licenses or permits;

21 (3) has ordered, received, and stored or has committed
22 to order, receive, and store a sufficient amount of beer that the
23 distributor is authorized to sell to ensure that the distributor
24 can supply the reasonable needs of all retailers in the assigned
25 territory;

26 (4) has received and stored or has committed to
27 receive and store beer received from a manufacturer in a manner

1 complying with a product quality control standard established by
2 the manufacturer or the commission; and

3 (5) has or will have the ability to sell, deliver, and
4 promote each brand of beer sold by the distributor to all retailers
5 in the assigned territory:

6 (A) in a manner that complies with the product
7 quality control standards of the manufacturer or of the commission;
8 and

9 (B) on a continuing and recurring basis in
10 response to reasonable market demand for a brand of beer by the
11 retailer or the retailer's customers in the assigned territory.

12 (b) In determining whether an applicant for or holder of a
13 distributor's license meets the requirement of Subsection (a)(5),
14 the commission [~~or administrator~~] may require the applicant or
15 holder to show that the applicant or holder has or will have:

16 (1) storage facilities of a sufficient size to store
17 each brand of beer in an amount equal to the demand for the product
18 from all retailers in the holder's or applicant's assigned
19 territory;

20 (2) an inventory or a commitment to acquire an
21 inventory of each brand of beer in an amount equal to the demand for
22 the brand from all retailers in the holder's or applicant's assigned
23 territory;

24 (3) a sufficient number of employees to provide the
25 holder or applicant with the ability:

26 (A) to sell, deliver on a reasonably prompt
27 basis, and promote each brand of beer to all retailers in the

1 holder's or applicant's assigned territory; and

2 (B) to prepare and submit in a timely manner any
3 fee or tax payments or reports required by any authorized
4 governmental regulatory authority, including the Bureau of
5 Alcohol, Tobacco, and Firearms and the commission; and

6 (4) a sufficient number of delivery vehicles and
7 rolling stock to provide the holder or the applicant with the
8 capability of transporting, selling, delivering, or promoting each
9 brand of beer to all retailers in the assigned territory.

10 (b) Effective September 1, 2021, Sections 102.54(a) and
11 (b), Alcoholic Beverage Code, are amended to read as follows:

12 (a) In addition to any other requirements necessary for
13 issuance or renewal of a distributor's license, the commission [~~or~~
14 ~~administrator~~] shall require an applicant for a license or a holder
15 of a license to show that the applicant or holder:

16 (1) has entered into or will acquire a written
17 agreement designating an assigned territory from a brewer
18 [~~manufacturer~~] in accordance with this subchapter and Subchapter D;

19 (2) has received or has applied for and will maintain
20 all licenses or permits required to engage in business in the
21 assigned territory as a holder of a distributor's license,
22 including any state or federal licenses or permits;

23 (3) has ordered, received, and stored or has committed
24 to order, receive, and store a sufficient amount of malt beverages
25 [~~beer~~] that the distributor is authorized to sell to ensure that the
26 distributor can supply the reasonable needs of all retailers in the
27 assigned territory;

1 (4) has received and stored or has committed to
2 receive and store malt beverages [~~beer~~] received from a brewer
3 [~~manufacturer~~] in a manner complying with a product quality control
4 standard established by the brewer [~~manufacturer~~] or the
5 commission; and

6 (5) has or will have the ability to sell, deliver, and
7 promote each brand of malt beverage [~~beer~~] sold by the distributor
8 to all retailers in the assigned territory:

9 (A) in a manner that complies with the product
10 quality control standards of the brewer [~~manufacturer~~] or of the
11 commission; and

12 (B) on a continuing and recurring basis in
13 response to reasonable market demand for a brand of malt beverage
14 [~~beer~~] by the retailer or the retailer's customers in the assigned
15 territory.

16 (b) In determining whether an applicant for or holder of a
17 distributor's license meets the requirement of Subsection (a)(5),
18 the commission [~~or administrator~~] may require the applicant or
19 holder to show that the applicant or holder has or will have:

20 (1) storage facilities of a sufficient size to store
21 each brand of malt beverage [~~beer~~] in an amount equal to the demand
22 for the product from all retailers in the holder's or applicant's
23 assigned territory;

24 (2) an inventory or a commitment to acquire an
25 inventory of each brand of malt beverage [~~beer~~] in an amount equal
26 to the demand for the brand from all retailers in the holder's or
27 applicant's assigned territory;

1 (3) a sufficient number of employees to provide the
2 holder or applicant with the ability:

3 (A) to sell, deliver on a reasonably prompt
4 basis, and promote each brand of malt beverage [~~beer~~] to all
5 retailers in the holder's or applicant's assigned territory; and

6 (B) to prepare and submit in a timely manner any
7 fee or tax payments or reports required by any authorized
8 governmental regulatory authority, including the Bureau of
9 Alcohol, Tobacco, and Firearms and the commission; and

10 (4) a sufficient number of delivery vehicles and
11 rolling stock to provide the holder or the applicant with the
12 capability of transporting, selling, delivering, or promoting each
13 brand of malt beverage [~~beer~~] to all retailers in the assigned
14 territory.

15 SECTION 305. Section 102.54(d)(2), Alcoholic Beverage
16 Code, is amended to read as follows:

17 (2) "Brewer [~~Manufacturer~~]" means a person who holds a
18 license issued under Chapter 62, 63, or 74.

19 SECTION 306. Sections 102.55(a) and (c), Alcoholic Beverage
20 Code, are amended to read as follows:

21 (a) In this subchapter and Subchapter D, and as the terms
22 relate to an agreement between a brewer [~~manufacturer~~] and a
23 distributor describing the sales territory in which a distributor
24 may sell the malt beverages [~~beer~~] of a brewer [~~manufacturer~~]:

25 (1) "Brand" means any word, name, group of letters,
26 symbol, or trademark or a combination of any word, name, group of
27 letters, symbol, or trademark that is adopted and used by a brewer

1 ~~[manufacturer]~~ on a label or on packaging to identify a specific
2 ~~[beer or]~~ malt beverage and to distinguish the ~~[beer or]~~ malt
3 beverage product from the label or packaging of another ~~[beer or]~~
4 malt beverage produced or marketed by any brewer ~~[manufacturer]~~.
5 The term does not include the name of the brewer ~~[manufacturer]~~
6 unless the name of the brewer ~~[manufacturer]~~ is included in the name
7 of the brand.

8 (2) "Brand extension" means a brand that incorporates
9 a brand name or brand logo, or a substantial part of an existing
10 brand name or brand logo, of the same brewer ~~[manufacturer]~~.

11 (3) "Brewer" ~~["Manufacturer"]~~ means a person who holds
12 a license issued under Chapter 62, 63, or 74.

13 (c) A brewer ~~[manufacturer]~~ shall assign a brand extension
14 to the distributor to whom the brand was originally assigned, if the
15 distributor elects to distribute and sell the brand extension.

16 SECTION 307. Section 102.56, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 102.56. APPLICATION OF TERRITORIAL LIMITS TO CERTAIN
19 PERMIT HOLDERS. (a) This section applies only to a holder of a
20 local distributor's permit under Chapter 23 that operates in a
21 county in which 8,000 or more alcoholic beverage licenses or
22 permits of any type have been issued under this code and are in
23 effect. Subsections (b) and (d) apply only to the delivery of a
24 brand of ~~[ale, beer, or]~~ malt beverage ~~[liquor]~~ to a holder of a
25 mixed beverage permit or a private club permit whose premises is
26 located in a county in which 8,000 or more alcoholic beverage
27 licenses or permits of any type have been issued under this code and

1 are in effect.

2 (b) A holder of a local distributor's permit under Chapter
3 23 who has purchased a brand of [~~ale, beer, or~~] malt beverage
4 [~~liquor~~] from the holder of a general[~~, local,~~] or branch
5 distributor's license [~~or from the holder of a general class B~~
6 ~~wholesaler's or local class B wholesaler's permit~~] may not deliver
7 the brand of [~~ale, beer, or~~] malt beverage [~~liquor~~] to any holder of
8 a mixed beverage permit or private club permit whose premises is
9 located inside that county and outside the territory assigned to
10 the distributor [~~or wholesaler~~] who sold the product under a
11 territorial limit agreement authorized by this subchapter.

12 (c) Except as provided by Subsection (d), a holder of a
13 local distributor's permit may purchase a brand of [~~ale, beer, or~~]
14 malt beverage [~~liquor~~] only from a distributor [~~or wholesaler~~] who
15 has been assigned the territory where the premises of the holder of
16 the local distributor's permit is located.

17 (d) A holder of a local distributor's permit who delivers a
18 brand of [~~ale, beer, or~~] malt beverage [~~liquor~~] to a holder of a
19 mixed beverage permit or private club permit whose premises is
20 located inside that county and outside the assigned territory where
21 the premises of the holder of a local distributor's permit is
22 located must purchase the brand of [~~ale, beer, or~~] malt beverage
23 [~~liquor~~] from a distributor [~~or wholesaler~~] who has been assigned
24 the territory where the premises of the holder of the mixed beverage
25 or private club permit is located.

26 SECTION 308. The heading to Subchapter D, Chapter 102,
27 Alcoholic Beverage Code, is amended to read as follows:

1 SUBCHAPTER D. MALT BEVERAGE [~~BEER~~] INDUSTRY FAIR DEALING LAW

2 SECTION 309. Sections 102.71(1), (2), (4), and (5),
3 Alcoholic Beverage Code, are amended to read as follows:

4 (1) "This Act" means this subchapter which shall have
5 the short title and may be cited as the "Malt Beverage [~~Beer~~]
6 Industry Fair Dealing Law."

7 (2) "Agreement" means any contract, agreement, or
8 arrangement, whether expressed or implied, whether oral or written,
9 for a definite or indefinite period between a brewer [~~manufacturer~~]
10 and a distributor pursuant to which a distributor has the right to
11 purchase, resell, and distribute any brand or brands of malt
12 beverage [~~beer~~] offered by a brewer [~~manufacturer~~].

13 (4) "Brewer [~~Manufacturer~~]" means those persons
14 licensed under Section 62.01, 63.01, or 74.01.

15 (5) "Territory" or "sales territory" means the
16 geographic area of distribution and sale responsibility designated
17 by an agreement between a distributor and brewer [~~manufacturer~~], as
18 provided in Section 102.51 of this code, for any brands of the
19 brewer [~~manufacturer~~].

20 SECTION 310. Sections 102.72(a) and (b), Alcoholic Beverage
21 Code, are amended to read as follows:

22 (a) This Act is promulgated pursuant to authority of the
23 state under the provisions of the 21st amendment to the United
24 States Constitution to promote the public's interest in the fair,
25 efficient, and competitive distribution of malt beverages [~~beer~~]
26 within this state by requiring brewers [~~manufacturers~~] and
27 distributors to conduct their business relations so as to assure:

1 (1) that the malt beverage [~~beer~~] distributor is free
2 to manage its business enterprise, including the right to
3 independently establish its selling prices; and

4 (2) that the public, retailers, and brewers
5 [~~manufacturers~~] are served by distributors who will devote their
6 reasonable efforts and resources to the sales and distribution of
7 all the brewer's [~~manufacturer's~~] products which the distributor
8 has the right to sell and distribute and maintain satisfactory
9 sales levels in the sales territory assigned the distributor.

10 (b) This Act shall govern all relations between brewers
11 [~~manufacturers~~] and their distributors, including any renewals or
12 amendments to agreements between them, to the full extent
13 consistent with the constitutions and laws of this state and the
14 United States.

15 SECTION 311. Sections 102.73(a) and (c), Alcoholic Beverage
16 Code, are amended to read as follows:

17 (a) Except as provided in Subsection (c) [~~of this section~~],
18 and except as may be specifically agreed upon at the time by the
19 parties, a brewer [~~no manufacturer~~] or beer distributor may not
20 cancel, fail to renew, or otherwise terminate an agreement unless
21 the brewer [~~manufacturer~~] or distributor furnishes prior
22 notification in accordance with Subsection (b) [~~of this section~~] to
23 the affected party.

24 (c) A brewer [~~manufacturer~~] or distributor may cancel, fail
25 to renew, or otherwise terminate an agreement without furnishing
26 any prior notification for any of the following reasons:

27 (1) in the event of insolvency or bankruptcy or

1 dissolution or liquidation of the other party;

2 (2) in the event the other party shall make an
3 assignment for the benefit of creditors or similar disposition of
4 substantially all of the assets of such party's business;

5 (3) in the event of a conviction or plea of guilty or
6 no contest to a charge of violating a law or regulation or the
7 revocation or suspension of a license or permit for a period of 30
8 days or more relating to the business and which materially and
9 adversely affects the party's ability to continue in business; or

10 (4) in the event of the failure to pay amounts owing
11 the other when due, upon demand therefor, in accordance with agreed
12 payment terms.

13 SECTION 312. Section 102.74, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 102.74. CANCELLATION. A malt beverage brewer [~~No~~
16 ~~manufacturer~~] or [~~beer~~] distributor may not cancel, fail to renew,
17 or otherwise terminate an agreement unless the party intending such
18 action has good cause for such cancellation, failure to renew, or
19 termination and, in any case in which prior notification is
20 required under Section 102.73 [~~of this code~~], the party intending
21 to act has furnished said prior notification and the affected party
22 has not eliminated the reasons specified in such notification as
23 the reasons for cancellation, failure to renew, or termination
24 within 90 days after the receipt of such notification.

25 SECTION 313. Sections 102.75(a) and (b), Alcoholic Beverage
26 Code, are amended to read as follows:

27 (a) A brewer may not [~~No manufacturer shall~~]:

1 (1) induce or coerce, or attempt to induce or coerce,
2 any distributor to engage in any illegal act or course of conduct;

3 (2) require a distributor to assent to any
4 unreasonable requirement, condition, understanding, or term of an
5 agreement prohibiting a distributor from selling the product of any
6 other brewer [~~manufacturer or manufacturers~~];

7 (3) fix or maintain the price at which a distributor
8 may resell malt beverages [~~beer~~];

9 (4) fail to provide to each distributor of its brands a
10 written contract which embodies the brewer's [~~manufacturer's~~]
11 agreement with its distributor;

12 (5) require any distributor to accept delivery of any
13 malt beverages [~~beer~~] or any other item or commodity which shall not
14 have been ordered by the distributor;

15 (6) adjust the price at which the brewer
16 [~~manufacturer~~] sells malt beverages [~~beer~~] to a distributor based
17 on the price at which a distributor resells malt beverages [~~beer~~] to
18 a retailer, but a brewer [~~manufacturer~~] is free to set its own price
19 so long as any price adjustment is based on factors other than a
20 distributor's increase in the price it charges to a retailer and not
21 intended to otherwise coerce illegal behavior under this section;
22 or

23 (7) accept payment in exchange for an agreement
24 setting forth territorial rights.

25 (b) Nothing in this section shall interfere with the rights
26 of a brewer [~~manufacturer~~] or distributor to enter into contractual
27 agreements that could be construed as governing ordinary business

1 transactions, including, but not limited to, agreements concerning
2 allowances, rebates, refunds, services, capacity, advertising
3 funds, promotional funds, or sports marketing funds.

4 SECTION 314. Section 102.76, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 102.76. TRANSFER OF BUSINESS ASSETS OR STOCK. (a) A
7 brewer may not [~~No manufacturer shall~~] unreasonably withhold or
8 delay its approval of any assignment, sale, or transfer of the stock
9 of a distributor or all or any portion of a distributor's assets,
10 distributor's voting stock, the voting stock of any parent
11 corporation, or the beneficial ownership or control of any other
12 entity owning or controlling the distributor, including the
13 distributor's rights and obligations under the terms of an
14 agreement whenever the person or persons to be substituted meet
15 reasonable standards imposed not only upon the distributor but upon
16 all other distributors of that brewer [~~manufacturer~~] of the same
17 general class, taking into account the size and location of the
18 sales territory and market to be served. Upon the death of one of
19 the partners of a partnership operating the business of a
20 distributor, a brewer may not [~~no manufacturer shall~~] deny the
21 surviving partner or partners of such partnership the right to
22 become a successor-in-interest to the agreement between the brewer
23 [~~manufacturer~~] and such partnership. Provided that the survivor
24 has been active in the management of the partnership or [~~and/or~~] is
25 otherwise capable of carrying on the business of the partnership.

26 (b) Notwithstanding the provisions of Subsection (a) [~~of~~
27 ~~this section~~], upon the death of a distributor a brewer may not [~~no~~

1 ~~manufacturer shall~~] deny approval for any transfer of ownership to
2 a surviving spouse or adult child of an owner of a distributor;
3 provided, however, that such subsequent transfers of such ownership
4 by such surviving spouse or adult child shall thereafter be subject
5 to the provisions of Subsection (a) [~~of this section~~].

6 SECTION 315. Section 102.77, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 102.77. REASONABLE COMPENSATION. (a) Any brewer
9 [~~manufacturer~~] who, without good cause, cancels, terminates, or
10 fails to renew any agreement, or unlawfully denies approval of, or
11 unreasonably withholds consent, to any assignment, transfer, or
12 sale of a distributor's business assets or voting stock or other
13 equity securities, shall pay such distributor with whom it has an
14 agreement pursuant to Section 102.51 [~~of this code~~] the fair market
15 value of the distributor's business with relation to the affected
16 brand or brands. In determining fair market value, consideration
17 shall be given to all elements of value, including [~~but not limited~~
18 ~~to~~] goodwill and going concern value.

19 (b) In the event that the brewer [~~manufacturer~~] and the
20 distributor are unable to mutually agree on whether or not good
21 cause exists for cancellation under Section 102.74 [~~of this code~~]
22 or on the reasonable compensation to be paid for the value of the
23 distributor's business, as defined herein, the matter may, at the
24 option of either the distributor or brewer [~~manufacturer~~], be
25 submitted to three arbitrators, one of whom shall be named in
26 writing by each party and the third of whom shall be chosen by the
27 two arbiters so selected. Should the arbiters selected fail to

1 choose a third arbiter within 10 days, a judge of a district court
2 in the county in which the distributor's principal place of
3 business is located shall select the third arbiter. Arbitration
4 shall be conducted in accordance with Chapter 171, Civil Practice
5 and Remedies Code [~~the Texas General Arbitration Act, as amended~~
6 ~~(Article 224, Revised Civil Statutes of Texas, 1925)~~]. Arbitration
7 costs shall be paid one-half by the distributor and one-half by the
8 brewer [~~manufacturer~~]. The award of the arbitrators shall be
9 binding on the parties unless appealed within 10 days from the date
10 of the award. All proceedings on appeal shall be in accordance with
11 and governed by Chapter 171, Civil Practice and Remedies Code [~~the~~
12 ~~Texas General Arbitration Act, as amended (Article 224, Revised~~
13 ~~Civil Statutes of Texas, 1925)~~].

14 SECTION 316. Section 102.78, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 102.78. RIGHT OF FREE ASSOCIATION. A brewer [~~No~~
17 ~~manufacturer~~] or distributor may not [~~shall~~] restrict or inhibit,
18 directly or indirectly, the right of free association among brewers
19 [~~manufacturers~~] or distributors for any lawful purpose.

20 SECTION 317. Section 102.79(a), Alcoholic Beverage Code, is
21 amended to read as follows:

22 (a) If a brewer [~~manufacturer~~] or distributor who is a party
23 to an agreement pursuant to Section 102.51 [~~of this code~~] fails to
24 comply with this Act or otherwise engages in conduct prohibited
25 under this Act, or if a brewer [~~manufacturer~~] and distributor are
26 not able to mutually agree on reasonable compensation under Section
27 102.77 [~~of this code~~] and the matter is not to be submitted to

1 arbitration, the aggrieved brewer [~~manufacturer~~] or distributor
2 may maintain a civil action in a court of competent jurisdiction in
3 the county in which the distributor's principal place of business
4 is located.

5 SECTION 318. Section 102.81, Alcoholic Beverage Code, is
6 amended to read as follows:

7 Sec. 102.81. [~~ALE AND~~] MALT BEVERAGES [~~LIQUOR~~]. This
8 subchapter and Subchapter C [~~of this chapter~~] apply to agreements
9 concerning all [~~ale and~~] malt beverages [~~liquor~~] in the same manner
10 [~~as they apply to agreements concerning beer, and each particular~~
11 ~~class of permittee dealing with ale and malt liquor is subject to~~
12 ~~those provisions that apply to functionally corresponding~~
13 ~~licensees within the beer industry]~~.

14 SECTION 319. Section 103.08, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 103.08. SALE OF MALT BEVERAGE [~~BEER~~]. (a) Any malt
17 beverage [~~beer~~], its container, or its packaging which is seized
18 under the terms of this chapter shall be disposed of in accordance
19 with this section.

20 (b) On notification that the malt beverage has [~~beer has~~]
21 been seized, the commission shall promptly notify a holder of a
22 general[~~, local~~] or branch distributor's license who handles the
23 brand of malt beverage [~~beer~~] seized and who operates in the county
24 in which it was seized. If the malt beverage [~~beer~~] was seized in a
25 dry area, the commission shall notify either the general[~~, local~~]
26 or branch distributor who handles the brand operating nearest the
27 area or the brewer [~~manufacturer~~] brewing the malt beverage [~~beer~~].

1 The commission and the distributor or brewer [~~manufacturer~~] shall
2 jointly determine whether the malt beverage [~~beer~~] is in a salable
3 condition.

4 (c) If the malt beverage [~~beer~~] is determined not to be in a
5 salable condition, the commission shall immediately destroy it. If
6 it is determined to be in a salable condition, it shall be offered
7 for sale to the distributor or brewer [~~manufacturer~~]. If offered to
8 a distributor, the malt beverage [~~beer~~] shall be sold at the
9 distributor's cost price less any state taxes which have been paid
10 on the malt beverage [~~beer~~], F.O.B. the distributor's place of
11 business. If the malt beverage [~~beer~~] is offered to a brewer
12 [~~manufacturer~~], it shall be sold at the brewer's [~~manufacturer's~~]
13 cost price to its nearest distributor, less any state taxes which
14 have been paid on the malt beverage [~~beer~~], F.O.B., the nearest
15 distributor's place of business. In either case, the storage or
16 warehousing charges necessarily incurred as a result of the seizure
17 shall be added to the cost price.

18 (d) If the distributor or brewer [~~manufacturer~~] does not
19 exercise the right to purchase salable malt beverages [~~beer~~] or to
20 purchase returnable bottles, containers, or packages at their
21 deposit price within 10 days, the commission shall sell the malt
22 beverages [~~beer~~], bottles, containers, or packages at public or
23 private sale as provided in this chapter.

24 SECTION 320. Effective September 1, 2019, Section
25 103.09(b), Alcoholic Beverage Code, is amended to read as follows:

26 (b) On notification that liquor has been seized, the
27 commission shall promptly notify a holder of a wholesaler's permit

1 or~~[7]~~ a general class B wholesaler's permit~~[7, or a local class B~~
2 ~~wholesaler's permit]~~ who handles the brand of liquor seized and who
3 operates in the county in which it was seized. If the liquor was
4 seized in a dry area, the commission shall notify the wholesaler who
5 handles the brand seized who operates nearest the area. The
6 commission and the wholesaler shall jointly determine whether the
7 liquor is in a salable condition.

8 SECTION 321. Section 104.01(a), Alcoholic Beverage Code, is
9 amended to read as follows:

10 (a) A ~~[No]~~ person authorized to sell malt beverages ~~[beer]~~
11 at retail, or ~~[nor]~~ the person's agent, servant, or employee, may
12 not engage in or permit conduct on the premises of the retailer
13 which is lewd, immoral, or offensive to public decency, including~~[7~~
14 ~~but not limited to,]~~ any of the following acts:

15 (1) the use of loud and vociferous or obscene, vulgar,
16 or indecent language, or permitting its use;

17 (2) the exposure of a person or permitting a person to
18 expose himself or herself;

19 (3) rudely displaying or permitting a person to rudely
20 display a pistol or other deadly weapon in a manner calculated to
21 disturb persons in the retail establishment;

22 (4) solicitation of any person to buy drinks for
23 consumption by the retailer or any of the retailer's employees;

24 (5) being intoxicated on the licensed premises;

25 (6) permitting lewd or vulgar entertainment or acts;

26 (7) permitting solicitations of persons for immoral or
27 sexual purposes;

1 (8) failing or refusing to comply with state or
2 municipal health or sanitary laws or ordinances; or

3 (9) possession of a narcotic or synthetic cannabinoid
4 or any equipment used or designed for the administering of a
5 narcotic or a synthetic cannabinoid or permitting a person on the
6 licensed premises to do so.

7 SECTION 322. Section 104.04, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 104.04. DRAFT MALT BEVERAGE DISPENSER: SIGN
10 REQUIRED. A [~~No~~] retail dealer may not dispense draft [~~beer,~~] malt
11 beverages [~~liquor, or ale~~] unless each faucet or other dispensing
12 apparatus is equipped with a sign clearly indicating the name or
13 brand of the product being dispensed through the faucet or
14 apparatus. The sign must be in full sight of the purchaser, and the
15 letters on it must be legible.

16 SECTION 323. Sections 104.05(a), (b), (c), and (e),
17 Alcoholic Beverage Code, are amended to read as follows:

18 (a) This section applies to a permittee or licensee who is
19 authorized to sell [~~beer,~~] malt beverages [~~liquor, or ale~~] to an
20 ultimate consumer for consumption off the permitted or licensed
21 premises.

22 (b) The holder of a permit or license described in
23 Subsection (a) [~~of this section~~] may resell [~~beer,~~] malt beverages
24 [~~liquor, or ale~~] only in the packaging in which the holder received
25 the [~~beer,~~] malt beverages [~~liquor, or ale~~] or may resell the
26 contents of the packages as individual containers.

27 (c) Except for purposes of resale as individual containers,

1 a licensee or permittee may not:

2 (1) mutilate, tear apart, or cut apart original
3 packaging in which [~~beer,~~] malt beverages were [~~liquor, or ale was~~]
4 received; or

5 (2) repackage [~~beer,~~] malt beverages [~~liquor, or ale~~]
6 in a manner misleading to the consumer or that results in required
7 labeling being omitted or obscured.

8 (e) To assure and control product quality, the holder of a
9 distributor's license, [~~wholesaler's permit, or class B~~
10 ~~wholesaler's permit,~~] at the time of a regular delivery, may
11 withdraw, with the permission of the retailer, a quantity of [~~beer,~~
12 ~~ale, or~~] malt beverages [~~liquor~~] in its undamaged original
13 packaging from the retailer's stock, if:

14 (1) the distributor [~~, wholesaler, or class B~~
15 ~~wholesaler~~] replaces the stock with [~~beer, ale, or~~] malt beverages
16 [~~liquor~~] of identical brands, quantities, and packages as the
17 [~~beer, ale, or~~] malt beverages [~~liquor~~] withdrawn;

18 (2) the stock is withdrawn before the date considered
19 by the brewer [~~manufacturer~~] of the product to be the date the
20 product becomes inappropriate for sale to a consumer; and

21 (3) the quantity of stock withdrawn does not exceed
22 the equivalent of 25 cases of 24 12-ounce containers.

23 SECTION 324. Sections 105.03(c) and (d), Alcoholic Beverage
24 Code, are amended to read as follows:

25 (c) In a city or county having a population of 800,000 or
26 more, according to the last preceding federal census, or 500,000 or
27 more, according to the 22nd Decennial Census of the United States,

1 as released by the Bureau of the Census on March 12, 2001, a holder
2 of a mixed beverage permit who holds a retailer late hours
3 certificate [~~permit~~] may also sell and offer for sale mixed
4 beverages between midnight and 2 a.m. on any day.

5 (d) In a city or county other than a city or county described
6 by Subsection (c), the extended hours prescribed in Subsection (c)
7 [~~of this section~~] are effective for the sale of mixed beverages and
8 the offer to sell them by a holder of a mixed beverage permit who
9 holds a retailer [~~beverages~~] late hours certificate [~~permit~~]:

10 (1) in the unincorporated areas of the county if the
11 extended hours are adopted by an order of the commissioners court;
12 and

13 (2) in an incorporated city or town if the extended
14 hours are adopted by an ordinance of the governing body of the city
15 or town.

16 SECTION 325. Section 105.04, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 105.04. HOURS OF SALE: WINE AND MALT BEVERAGE [~~BEER~~]
19 RETAILER. The hours of sale and delivery for alcoholic beverages
20 sold under a wine and malt beverage [~~beer~~] retailer's permit or a
21 wine and malt beverage [~~beer~~] retailer's off-premise permit are the
22 same as those prescribed for the sale of malt beverages [~~beer~~] under
23 Section 105.05 [~~of this code~~], except that no sale shall be allowed
24 between 2 a.m. and noon on Sunday.

25 SECTION 326. Section 105.05, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 105.05. HOURS OF SALE: MALT BEVERAGES [~~BEER~~]. (a) A

1 ~~No~~ person may sell, offer for sale, or deliver malt beverages only
2 ~~beer~~ at a any time ~~not~~ permitted by this section.

3 (b) A person may sell, offer for sale, or deliver malt
4 beverages ~~beer~~ between 7 a.m. and midnight on any day except
5 Sunday. On Sunday a person ~~he~~ may sell malt beverages ~~beer~~
6 between midnight and 1:00 a.m. and between noon and midnight,
7 except that permittees or licensees authorized to sell for
8 on-premise consumption may sell malt beverages ~~beer~~ between 10:00
9 a.m. and noon if the malt beverages are ~~beer is~~ served to a
10 customer during the service of food to the customer.

11 (c) In a city or county having a population of 800,000 or
12 more, according to the last preceding federal census, or 500,000 or
13 more, according to the 22nd Decennial Census of the United States,
14 as released by the Bureau of the Census on March 12, 2001, a holder
15 of a retail dealer's on-premise license who holds a retailer late
16 hours certificate ~~license~~ may also sell, offer for sale, and
17 deliver malt beverages ~~beer~~ between midnight and 2 a.m. on any
18 day.

19 (d) In a city or county other than a city or county described
20 by Subsection (c), the extended hours prescribed in Subsection (c)
21 ~~[of this section]~~ or any part of the extended hours prescribed in
22 Subsection (c) ~~[of this section]~~ are effective for the sale, offer
23 to sell, and delivery of malt beverages ~~beer~~ by a holder of a
24 retail dealer's on-premise license who holds a retailer late hours
25 certificate ~~license~~:

26 (1) in the unincorporated areas of the county if the
27 extended hours are adopted by an order of the commissioners court;

1 and

2 (2) in an incorporated city or town if the extended
3 hours are adopted by an ordinance of the governing body of the city
4 or town.

5 (e) A violation of a city ordinance or order of a
6 commissioners court adopted pursuant to Subsection (d) [~~of this~~
7 ~~section~~] is a violation of this code.

8 SECTION 327. Section 105.051, Alcoholic Beverage Code, is
9 amended to read as follows:

10 Sec. 105.051. SALE OF MALT BEVERAGES [~~BEER~~] BY
11 DISTRIBUTOR'S LICENSEE. The holder of a general[~~, local,~~] or
12 branch distributor's license may sell, offer for sale, or deliver
13 malt beverages [~~beer~~] 24 hours a day Monday through Saturday and
14 between midnight and 1 a.m. and between noon and midnight on Sunday.

15 SECTION 328. Section 105.082, Alcoholic Beverage Code, is
16 amended to read as follows:

17 Sec. 105.082. HOURS OF SALE AND CONSUMPTION: BREWER [~~OR~~
18 ~~MANUFACTURER~~]. [~~(a) The holder of a brewer's permit may sell,~~
19 ~~offer for sale, and deliver ale or malt liquor and a person may~~
20 ~~consume ale or malt liquor on the brewer's premises.~~

21 [~~(1) between 8 a.m. and midnight on any day except~~
22 ~~Sunday, and~~

23 [~~(2) between 10 a.m. and midnight on Sunday.~~

24 [~~(b)~~] The holder of a brewer's [~~manufacturer's~~] license may
25 sell, offer for sale, and deliver malt beverages [~~beer~~] and a person
26 may consume malt beverages [~~beer~~] on the brewer's [~~manufacturer's~~]
27 premises:

1 (1) between 8 a.m. and midnight on any day except
2 Sunday; and

3 (2) between 10 a.m. and midnight on Sunday.

4 SECTION 329. Effective September 1, 2019, Section
5 106.09(d), Alcoholic Beverage Code, is amended to read as follows:

6 (d) A [~~The fact that a~~] person who is 18, 19, or 20 years of
7 age is not prohibited from acting as an agent [~~a ground for refusal~~
8 ~~of an original or renewal permit or license issued~~] under Chapter
9 35, 36, or 73, provided the [~~that such a~~] person [~~to whom a permit or~~
10 ~~license is issued~~] may carry out the activities authorized by those
11 chapters only while in the actual course and scope of the person's
12 employment.

13 SECTION 330. Section 106.16(b), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (b) Notwithstanding any other law, a minor may taste an
16 alcoholic beverage if:

17 (1) the minor:

18 (A) is at least 18 years old; and

19 (B) is enrolled:

20 (i) as a student at a public or private
21 institution of higher education or a career school or college that
22 offers a program in culinary arts, viticulture, enology or wine
23 technology, brewing or malt beverage [~~beer~~] technology, or
24 distilled spirits production or technology; and

25 (ii) in a course that is part of a program
26 described by Subparagraph (i);

27 (2) the beverage is tasted for educational purposes as

1 part of the curriculum for the course described by Subdivision
2 (1)(B)(ii);

3 (3) the beverage is not purchased by the minor; and

4 (4) the service and tasting of the beverage is
5 supervised by a faculty or staff member who is at least 21 years of
6 age.

7 SECTION 331. Section 107.02, Alcoholic Beverage Code, is
8 amended to read as follows:

9 Sec. 107.02. TRANSPORTATION OF MALT BEVERAGES [~~BEER~~]:
10 STATEMENT REQUIRED. (a) It is lawful for a person to transport
11 malt beverages [~~beer~~] from any place where its sale, manufacture,
12 or distribution is authorized to another place in the state where
13 its sale, manufacture, or distribution is authorized, or from the
14 state boundary to a place where its sale, manufacture, or
15 distribution is authorized, even though the route of transportation
16 may cross a dry area.

17 (a-1) A person transporting malt beverages [~~beer~~] to the
18 premises of a distributor, including to a location from which the
19 distributor is temporarily conducting business under Section
20 109.62, shall provide to the consignee a shipping invoice that
21 clearly states:

22 (1) the name and address of the consignor and
23 consignee;

24 (2) the origin and destination of the shipment; and

25 (3) any other information required by this code or
26 commission rule, including the brands, sizes of containers, and
27 quantities of malt beverages [~~beer~~] contained in the shipment.

1 (b) A shipment of malt beverages [~~beer~~] must be accompanied
2 by a written statement furnished and signed by the shipper showing:

3 (1) the name and address of the consignor and
4 consignee;

5 (2) the origin and destination of the shipment; and

6 (3) any other information required by the commission
7 or administrator.

8 (c) The person in charge of the shipment while it is being
9 transported shall exhibit the written statement to any
10 representative of the commission or peace officer who demands to
11 see it. The statement shall be accepted by the representative or
12 peace officer as prima facie evidence of the legal right to
13 transport the malt beverages [~~beer~~].

14 (d) A person who transports malt beverages [~~beer~~] not
15 accompanied by the required statement, or who fails to exhibit the
16 statement after a lawful demand, violates this code.

17 SECTION 332. Section 107.04, Alcoholic Beverage Code, is
18 amended to read as follows:

19 Sec. 107.04. DELIVERY OF MALT BEVERAGES [~~BEER~~] IN DRY AREA.
20 A common carrier may not deliver malt beverages [~~beer~~] in a dry area
21 unless the malt beverages are [~~it is~~] consigned to a [~~local or~~]
22 general distributor's licensee who has previously stated that the
23 licensee [~~he~~] intends to transport the malt beverages [~~it~~] to a
24 licensed place of business in a wet area. A common carrier who
25 transports malt beverages [~~beer~~] to a distributor in a dry area
26 shall comply strictly with this section and Section 107.02 [~~of this~~
27 ~~code~~].

1 SECTION 333. Section 107.06, Alcoholic Beverage Code, is
2 amended to read as follows:

3 Sec. 107.06. IMPORTATION OF MALT BEVERAGES [~~BEER~~]. (a) A
4 [~~No~~] person may not import malt beverages [~~beer~~] into the state
5 except the holder of a brewer's [~~manufacturer's~~] or general[~~,~~
6 ~~local,~~] or branch distributor's license.

7 (b) A [~~No~~] person may not transport malt beverages [~~beer~~]
8 into this state unless the malt beverages are [~~it is~~] consigned and
9 delivered to one of the licensees named in Subsection (a) [~~of this~~
10 ~~section~~].

11 (c) This section does not apply to the importation or
12 transportation of military malt beverages [~~beer~~] consigned to a
13 military installation or to the importation of malt beverages
14 [~~beer~~] as authorized under Section 107.07 [~~of this code~~].

15 SECTION 334. Section 107.09, Alcoholic Beverage Code, is
16 amended to read as follows:

17 Sec. 107.09. SINGLE INVOICE AUTHORIZED. If the holder of a
18 general[~~,~~~~local,~~] or branch distributor's license also holds a
19 wholesaler's or[~~,~~] general class B wholesaler's[~~,~~~~or local class B~~
20 ~~wholesaler's~~] permit, a written statement or invoice required as
21 evidence of the sale of malt beverages [~~beer~~] or liquor may be on
22 the same business form that is designed to reflect the sale of both
23 liquor and malt beverages [~~beer~~], if all information required by
24 this code to be shown on a statement or invoice is reflected on the
25 form and all other records required by this code are maintained.

26 SECTION 335. Section 107.10, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 107.10. TRANSPORTATION OF WINE COOLERS OR SPIRIT
2 COOLERS. (a) A holder of a wholesaler's or[~~r~~] general class B
3 wholesaler's[~~, or local class B wholesaler's~~] permit may transport
4 and sell wine coolers without a prior order if the holder complies
5 with the provisions of this code and rules of the commission
6 applicable to the transportation and sale of malt beverages [~~beer~~]
7 by a holder of a distributor's license.

8 (b) A holder of a wholesaler's permit may transport and sell
9 spirit coolers without a prior order if the holder complies with the
10 provisions of this code and rules of the commission applicable to
11 the transportation and sale of malt beverages [~~beer~~] by a holder of
12 a distributor's license.

13 SECTION 336. Section 108.01(a), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (a) A brewer [~~No manufacturer~~] or distributor directly or
16 indirectly, or through a subsidiary, affiliate, agent, employee,
17 officer, director, or firm member, may not publish, disseminate, or
18 cause to be published or disseminated by any medium enumerated in
19 Subsection (b) an advertisement of a brewery product that:

20 (1) causes or is reasonably calculated to cause
21 deception of the consumer with respect to the product advertised;

22 (2) directly or by ambiguity, omission, or inference
23 tends to create a misleading impression;

24 (3) is untrue in any particular;

25 (4) disparages a competitor's product; or

26 (5) is obscene or indecent.

27 SECTION 337. Section 108.03, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 108.03. REGULATION OF PROMOTIONAL ACTIVITIES. The
3 commission shall adopt rules permitting and regulating the use of
4 business cards, menu cards, stationery, service vehicles and
5 equipment, and delivery vehicles and equipment that bear alcoholic
6 beverage advertising. The commission shall also adopt rules
7 permitting and regulating the use of insignia advertising malt
8 beverages [~~beer~~], distilled spirits, or wine by brand name on caps,
9 regalia, or uniforms worn by employees of manufacturers,
10 distributors, distillers, or wineries or by participants in a game,
11 sport, athletic contest, or revue if the participants are sponsored
12 by a manufacturer, distributor, distiller, or winery.

13 SECTION 338. Section 108.035, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 108.035. PACKAGING OF CERTAIN PROMOTIONAL ITEMS
16 AUTHORIZED. Notwithstanding any other provision of this code, a
17 person who holds a brewer's [~~permit, nonresident brewer's permit,~~
18 ~~manufacturer's~~] license[~~7~~] or nonresident brewer's
19 [~~manufacturer's~~] license, or the person's agent or employee, may
20 package alcoholic beverages in combination with other items if the
21 package is designed to be delivered intact to the [~~wholesaler or~~]
22 distributor and the additional items are branded and have no value
23 or benefit to the retailer other than that of having the potential
24 of attracting purchases and promoting sales.

25 SECTION 339. Section 108.04, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 108.04. ACTS OF PROMOTIONAL OR COURTESY NATURE:

1 ADMINISTRATIVE DISCRETION. The commission may promulgate rules
2 which shall set definite limitations consistent with the general
3 provisions of this code, relaxing the restrictions of Sections
4 102.07, 102.14, 102.15, and 108.06, with respect to:

5 (1) the sale or gift of novelties advertising the
6 product of a brewer [~~manufacturer~~] or distributor;

7 (2) the making of gifts to civic, religious, or
8 charitable organizations;

9 (3) the cleaning and maintenance of coil connections
10 for dispensing draught malt beverages [~~beer~~];

11 (4) the lending of equipment for special occasions;
12 and

13 (5) acts of a purely courtesy nature.

14 SECTION 340. Section 108.041, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 108.041. CARBON DIOXIDE FILTERS PROVIDED TO RETAILERS.

17 (a) A brewer [~~manufacturer~~] or distributor of malt beverages
18 [~~beer~~] may provide carbon dioxide filters to malt beverage [~~beer~~]
19 retailers for draught systems using carbon dioxide or a carbon
20 dioxide and nitrogen blend, commonly referred to as "beer gas."

21 (b) The cost of providing, maintaining, and replacing the
22 carbon dioxide filters shall be borne by the brewer [~~manufacturer~~].

23 SECTION 341. Effective September 1, 2019, Section 108.042,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 108.042. ACTS OF PROMOTIONAL OR COURTESY NATURE: WINE
26 DISPENSING. The commission shall adopt rules that set definite
27 limitations, consistent with the general provisions of this code,

1 relaxing the restrictions of Section 102.07 to allow the holder of a
2 wholesaler's or [7] general class B wholesaler's [~~, or local class B~~
3 ~~wholesaler's~~] permit or the permit holder's agent to perform the
4 cleaning and maintenance of coil connections for the dispensing of
5 wine.

6 SECTION 342. Section 108.05, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 108.05. ALLOWANCE FOR ADVERTISEMENT OR DISTRIBUTION.
9 A brewer [~~No manufacturer~~] or distributor, directly or indirectly,
10 or through a subsidiary, affiliate, agent, employee, officer,
11 director, or firm member, may not pay or make an allowance to a
12 retail dealer for an advertising or distribution service.

13 SECTION 343. Section 108.06, Alcoholic Beverage Code, is
14 amended to read as follows:

15 Sec. 108.06. PRIZES AND PREMIUMS. A brewer [~~No~~
16 ~~manufacturer~~] or distributor, directly or indirectly, or through a
17 subsidiary, affiliate, agent, employee, officer, director, or firm
18 member, may not offer a prize, premium, gift, or other inducement to
19 a dealer in or consumer of brewery products.

20 SECTION 344. Sections 108.061(a) and (e), Alcoholic
21 Beverage Code, are amended to read as follows:

22 (a) Notwithstanding the prohibition against prizes given to
23 a consumer in Section 108.06 and subject to the rules of the
24 commission, a [~~manufacturer, nonresident manufacturer, or~~]
25 or nonresident brewer may offer a prize to a consumer of legal
26 drinking age if the offer is a part of a promotional sweepstakes
27 activity.

1 (e) If a licensee [~~or permittee~~] conducts a private event
2 authorized by Subsection (d) at a retailer's premises, the licensee
3 [~~or permittee~~] shall pay the retailer the fair market value for the
4 use of the premises. The retailer must retain control of the sale
5 and service of alcoholic beverages at the private event.

6 SECTION 345. Effective September 1, 2019, Section
7 108.08(b), Alcoholic Beverage Code, is amended to read as follows:

8 (b) A part of the cost of advertising revenue paid by a
9 manufacturer to an entity under this section may not be charged to
10 or paid, directly or indirectly, by the holder of a wholesaler's
11 permit, general class B wholesaler's permit, [~~local class B~~
12 ~~wholesaler's permit,~~] local distributor's permit, or general
13 distributor's license[~~, or local distributor's license~~], except
14 through the price paid by that holder for products purchased from
15 the holders' supplier.

16 SECTION 346. Section 108.10, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 108.10. BRANDED PROMOTIONAL VEHICLES.
19 Notwithstanding any other provision of this code, the holder of a
20 brewer's [~~manufacturer's~~] or nonresident brewer's [~~manufacturer's~~]
21 license or a nonresident seller's permit may display a branded
22 promotional vehicle on the licensed or permitted premises of a
23 retailer, whether outside or inside a structure on the premises,
24 for not more than five hours per day.

25 SECTION 347. Effective September 1, 2019, Section
26 108.52(c), Alcoholic Beverage Code, is amended to read as follows:

27 (c) The commission shall adopt reasonable rules relating to

1 the type of outdoor advertising retail [~~Retail~~] licensees and
2 permittees may erect or maintain on the retailer's premises. A
3 violation of a rule adopted under this section is a violation of
4 this code. [~~one sign at each place of business which may read as~~
5 ~~follows:~~

6 [~~(1) if a beer retailer, the sign may read "Beer",~~

7 [~~(2) if an off-premises beer retailer, the sign may~~
8 ~~read "Beer" or "Beer to Go",~~

9 [~~(3) if a wine and beer retailer, the sign may read~~
10 ~~"Beer," "Beer and Wine," or "Beer, Wine and Ale",~~

11 [~~(4) if a wine and beer off-premises retailer, the~~
12 ~~sign may read "Beer," "Beer to Go," "Beer and Wine," "Beer and Wine~~
13 ~~to Go," "Beer, Wine and Ale," or "Beer, Wine and Ale to Go",~~

14 [~~(5) if a package store permittee, the sign may read~~
15 ~~"Package Store," "Liquors," or "Wines and Liquors," and if a retail~~
16 ~~dealer's off-premise license is also held, the sign may read~~
17 ~~"Package Store," "Wines, Liquors and Beer," or "Wine, Liquors and~~
18 ~~Beer to Go", or~~

19 [~~(6) if a wine only package store permittee, the sign~~
20 ~~may read "Wine" or "Wines," and if a retail dealer's off-premise~~
21 ~~license is also held, the sign may read "Wines and Beer," "Wine and~~
22 ~~Beer," or "Wine and Beer to Go."]~~

23 SECTION 348. Effective September 1, 2019, Section 108.53,
24 Alcoholic Beverage Code, is amended to read as follows:

25 Sec. 108.53. ADVERTISING [~~BILLBOARDS AND ELECTRIC~~] SIGNS[~~+~~
26 ~~WHEN PERMIT IS REQUIRED~~]. Consistent [~~(a) No person may erect a~~
27 ~~billboard or electric sign advertising an alcoholic beverage within~~

1 ~~200 feet of a retail establishment authorized to sell that beverage~~
2 ~~unless he has first obtained a permit for that purpose from the~~
3 ~~commission. No permit is required for a billboard or electric sign~~
4 ~~that is not located within 200 feet of a retail establishment~~
5 ~~authorized to sell the advertised alcoholic beverage.~~

6 ~~[(b) The commission or administrator shall provide permit~~
7 ~~application forms, which may contain any information the commission~~
8 ~~or administrator deems necessary. The application shall contain a~~
9 ~~statement that the erection or maintenance of the billboard or~~
10 ~~electric sign will not have the effect of advertising or directing~~
11 ~~patronage to a particular retail establishment authorized to sell~~
12 ~~alcoholic beverages. Application shall be made under oath,~~
13 ~~addressed to the commission or administrator.~~

14 ~~[(c) The commission or administrator shall issue a permit if~~
15 ~~either of them finds that all statements in the application are true~~
16 ~~and the erection or maintenance of the billboard or electric sign~~
17 ~~will not be contrary to this code or to a rule of the commission.~~
18 ~~Otherwise, the commission or administrator shall refuse to issue a~~
19 ~~permit.~~

20 ~~[(d) Notwithstanding the restrictions imposed by this~~
21 ~~section, but consistent] with other provisions of this code, the~~
22 ~~commission shall promulgate rules allowing for signs advertising~~
23 ~~alcoholic beverages at charitable or civic events such as fairs,~~
24 ~~rodeos, or other events of a temporary nature. This section~~
25 ~~[subsection] does not authorize, nor shall any rule of the~~
26 ~~commission authorize, a retailer of alcoholic beverages to derive,~~
27 ~~directly or indirectly, any money or consideration of any kind as a~~

1 result of alcoholic beverage advertising, and the commission's
2 rules shall reflect the intent that the charity or civic endeavor
3 receive the proceeds, if any, from such advertising signs.

4 SECTION 349. Section 108.73(1), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (1) "Independent concessionaire" means a licensed or
7 permitted member of the retail tier or a holder of a private club
8 registration permit, mixed beverage permit [~~caterer's permit~~], or
9 food and beverage certificate who:

10 (A) has a written concession agreement from the
11 owner, operator, or lessee of a public entertainment facility;

12 (B) receives no monetary benefit, directly or
13 indirectly, by any scheme or device or in any form or degree from
14 the alcoholic beverage industry including a benefit in the form of
15 capital improvements, furniture, fixtures, or equipment, unless
16 otherwise authorized by this code or commission rules; and

17 (C) is not owned, in whole or in part, by the
18 public entertainment facility, or a subsidiary, agent, manager, or
19 company managing the facility, and who does not own, in whole or in
20 part, or manage the public entertainment facility.

21 SECTION 350. Section 109.04, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 109.04. SALE OF MALT BEVERAGES [~~BEER~~]: PROCEDURE. (a)
24 When the commission is notified under this subchapter of the
25 acquisition of malt beverages [~~beer~~] or malt beverage [~~its~~]
26 containers or original packages, it shall immediately notify a
27 holder of a general[~~local~~] or branch distributor's license who

1 handles the brand of malt beverages [~~beer~~] and who operates in the
2 county where the malt beverages are [~~it is~~] located or, if the malt
3 beverages are [~~it is~~] located in a dry area or if no distributor
4 operates in the county, the nearest distributor handling the brand
5 or the brewer [~~manufacturer~~] who brewed the malt beverages [~~it~~].

6 (b) The insurer or insurance salvor, the commission, and the
7 distributor or brewer [~~manufacturer~~] shall jointly agree whether
8 the malt beverages are [~~beer is~~] salable. If the malt beverages are
9 [~~it is~~] determined to be unsalable, the commission shall destroy
10 the malt beverages [~~it~~]. If the malt beverages are [~~it is~~]
11 determined to be salable, the brewer [~~manufacturer~~] or distributor
12 shall be given the opportunity to purchase the malt beverages [~~it~~].
13 A distributor may purchase malt beverages [~~beer~~] at the cost price
14 less any state taxes that have been paid, F.O.B. its place of
15 business. A brewer [~~manufacturer~~] may purchase malt beverages
16 [~~beer~~] at the cost price to the nearest distributor of the brand,
17 less any state taxes that have been paid, F.O.B. that distributor's
18 place of business. A brewer [~~manufacturer~~] or distributor may
19 purchase returnable bottles, containers, or packages at their
20 deposit price.

21 (c) If the distributor or brewer [~~manufacturer~~] does not
22 exercise the right to purchase the merchandise within 10 days after
23 being given the opportunity to purchase it, the insurer or
24 insurance salvor may sell it to any qualified licensee or permittee
25 as provided in Section 109.01 [~~of this code~~].

26 SECTION 351. Effective September 1, 2019, Section
27 109.05(a), Alcoholic Beverage Code, is amended to read as follows:

1 (a) When the commission is notified under this subchapter of
2 the acquisition of liquor or its containers or original packages,
3 it shall immediately notify the holder or holders of wholesaler's
4 or ~~[7]~~ class B wholesaler's ~~[7, or local class B wholesaler's]~~ permits
5 who handle and regularly sell the brand or brands of liquor involved
6 and who operate in the area where the liquor is located, or who
7 operate in the nearest wet area if the liquor is in a dry area. The
8 commission shall also notify the nonresident seller's permittees
9 who handle the brand or brands of liquor involved, or the
10 nonresident seller's agents ~~[manufacturer's agent's permittees]~~ who
11 represent those nonresident seller's permittees.

12 SECTION 352. Section 109.08, Alcoholic Beverage Code, is
13 amended to read as follows:

14 Sec. 109.08. EXCLUSION. Notwithstanding any other
15 provision of this code, a ~~[no]~~ person engaged in business as a
16 distiller, brewer, ~~[manufacturer,]~~ winery, or any other
17 manufacturing level producer of liquor or malt beverages ~~[beer]~~, or
18 their wholesalers or distributors, may not directly or indirectly
19 or through an affiliate require, by agreement or otherwise, that
20 any retailer engaged in the sale of liquor or malt beverages ~~[beer]~~
21 purchase any such products from such person to the exclusion in
22 whole or in part of liquor or malt beverages ~~[beer]~~ sold or offered
23 for sale by other persons, or prevent, deter, hinder, or restrict
24 other persons from selling or offering for sale any such products to
25 any retailer.

26 SECTION 353. Section 109.21, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 109.21. HOME PRODUCTION OF WINE OR~~[, ALE,]~~ MALT
2 BEVERAGES [~~LIQUOR, OR BEER~~]. (a) The head of a family or an
3 unmarried adult may produce for the person's use or the use of the
4 person's [~~his~~] family [~~or himself~~] not more than 200 gallons of wine
5 or~~[, ale,]~~ malt beverages [~~liquor, or beer,~~] per year. No license
6 or permit is required.

7 (b) The commission may prohibit the use of any ingredient it
8 finds detrimental to health or susceptible of use to evade this
9 code. Only wine made from the normal alcoholic fermentation of the
10 juices of dandelions or grapes, raisins, or other fruits may be
11 produced under this section. Only [~~ale,~~] malt beverages [~~liquor,~~
12 ~~or beer~~] made from the normal alcoholic fermentation of malted
13 barley with hops, or their products, and with or without other
14 malted or unmalted cereals, may be produced under this section. The
15 possession of wine or~~[, ale,]~~ malt beverages [~~liquor, or beer~~]
16 produced under this section is not an offense if the person making
17 it complies with all provisions of this section and the wine or~~[,~~
18 ~~ale,~~] malt beverages are [~~liquor, or beer is~~] not distilled,
19 fortified, or otherwise altered to increase their [~~its~~] alcohol
20 content.

21 (c) There is no annual state fee for beverages produced in
22 compliance with this section.

23 SECTION 354. Section 109.22, Alcoholic Beverage Code, is
24 amended to read as follows:

25 Sec. 109.22. DELIVERY OF HOME-PRODUCED WINE OR~~[, ALE,]~~ MALT
26 BEVERAGES [~~LIQUOR, OR BEER~~] FOR CERTAIN PURPOSES. (a) This section
27 applies only to a person who is authorized under Section 109.21(a)

1 to produce wine or [~~ale,~~] malt beverages [~~liquor, or beer~~].

2 (b) For the purpose of participating in an organized
3 tasting, evaluation, competition, or literary review, a person to
4 whom this section applies may deliver wine or [~~ale,~~] malt
5 beverages [~~liquor, or beer~~] produced and manufactured by the person
6 to locations that are not licensed under this code for the purpose
7 of submitting those products to an evaluation at an organized
8 tasting competition that is closed to the general public or by a
9 reviewer whose reviews are published if:

10 (1) no charge of any kind is made for the wine or [~~ale,~~
11 ~~ale,~~] malt beverages [~~liquor, or beer~~], for their [~~its~~] delivery,
12 or for attendance at the event; and

13 (2) the commission consents in writing to the
14 delivery.

15 (c) Nothing in this section shall be construed to authorize
16 an increase in the quantity of wine or [~~ale,~~] malt beverages
17 [~~liquor, or beer~~] authorized to be produced by a person under the
18 authority of Section 109.21(a) [~~of this code~~].

19 SECTION 355. Section 109.32, Alcoholic Beverage Code, is
20 amended to read as follows:

21 Sec. 109.32. MUNICIPAL AND COUNTY REGULATION OF MALT
22 BEVERAGES [~~BEER~~]. (a) An incorporated city or town by charter or
23 ordinance may:

24 (1) prohibit the sale of malt beverages [~~beer~~] in a
25 residential area; and

26 (2) regulate the sale of malt beverages [~~beer~~] and
27 prescribe the hours when malt beverages [~~it~~] may be sold, except the

1 city or town may not permit the sale of malt beverages [~~beer~~] when
2 the [~~its~~] sale of malt beverages is prohibited by this code.

3 (b) In a county that has only one incorporated city or town
4 that has a majority of the population of the county, according to
5 the most recent federal census, and where the city or town has
6 shortened the hours of sale for malt beverages [~~beer~~] on Sundays by
7 a valid charter amendment or ordinance before January 1, 1957, the
8 commissioners court may enter an order prohibiting the sale of malt
9 beverages [~~beer~~] on Sundays during the hours the sale of malt
10 beverages [~~it~~] is prohibited in the city or town. The order may
11 apply to all or part of the area of the county located outside the
12 city or town. The commissioners court may not adopt the order
13 unless it first publishes notice for four consecutive weeks in a
14 newspaper of general circulation in the county published in the
15 county or a nearby county.

16 (c) In exercising the authority granted by this section, the
17 city, town, or county may distinguish between retailers selling
18 malt beverages [~~beer~~] for on-premises consumption and retailers,
19 brewers [~~manufacturers~~], or distributors who do not sell malt
20 beverages [~~beer~~] for on-premises consumption.

21 SECTION 356. Sections 109.33(f) and (g), Alcoholic Beverage
22 Code, are amended to read as follows:

23 (f) Subsections (a)(2) and (3) do not apply to the holder
24 of:

25 (1) a retail on-premises consumption permit or license
26 if less than 50 percent of the gross receipts for the premises is
27 from the sale or service of alcoholic beverages;

1 (2) a retail off-premises consumption permit or
2 license if less than 50 percent of the gross receipts for the
3 premises, excluding the sale of items subject to the motor fuels
4 tax, is from the sale or service of alcoholic beverages; or

5 (3) a wholesaler's, distributor's, brewer's,
6 distiller's and rectifier's, or winery[, ~~wine bottler's or~~
7 ~~manufacturer's~~] permit or license, or any other license or permit
8 held by a wholesaler or manufacturer as those words are ordinarily
9 used and understood in Chapter 102.

10 (g) Subsection (a)(3) does not apply to the holder of:

11 (1) a [~~license or~~] permit issued under Chapter 30 [~~27,~~
12 ~~31, or 72~~] who is operating on the premises of a private school; or

13 (2) a license or permit covering a premise where
14 minors are prohibited from entering under Section 109.53 and that
15 is located within 1,000 feet of a private school.

16 SECTION 357. Section 109.53, Alcoholic Beverage Code, is
17 amended to read as follows:

18 Sec. 109.53. CITIZENSHIP OF PERMITTEE; CONTROL OF
19 PREMISES; SUBTERFUGE OWNERSHIP; ETC. A [~~No~~] person who has not
20 been a citizen of Texas for a period of one year immediately
21 preceding the filing of the person's [~~his~~] application therefor is
22 not [~~shall be~~] eligible to receive a permit under this code. No
23 permit [~~except a brewer's permit, and such other licenses and~~
24 ~~permits as are necessary to the operation of a brewer's permit,~~]
25 shall be issued to a corporation unless the same be incorporated
26 under the laws of the state and unless at least 51 percent of the
27 stock of the corporation is owned at all times by citizens who have

1 resided within the state for a period of one year and who possess
2 the qualifications required of other applicants for permits;
3 provided, however, that the restrictions contained in the preceding
4 clause shall not apply to domestic or foreign corporations that
5 were engaged in the legal alcoholic beverage business in this state
6 under charter or permit prior to August 24, 1935. Partnerships,
7 firms, and associations applying for permits shall be composed
8 wholly of citizens possessing the qualifications above enumerated.
9 Any corporation (except carrier) holding a permit under this code
10 which shall violate any provisions hereof, or any rule or
11 regulation promulgated hereunder, shall be subject to forfeiture of
12 its charter and it shall be the duty of the attorney general, when
13 any such violation is called to the attorney general's [~~his~~]
14 attention, to file a suit for such cancellation in a district court
15 of Travis County. The [~~Such~~] provisions of this section that [~~as~~]
16 require Texas citizenship or require incorporation in Texas do
17 [~~shall~~] not apply to the holders of [~~agent's, industrial, and~~]
18 carrier's permits. A [~~No~~] person may not [~~shall~~] sell, warehouse,
19 store or solicit orders for any liquor in any wet area without first
20 having procured a permit of the class required for such privilege,
21 or consent to the use of or allow the person's [~~his~~] permit to be
22 displayed by or used by any person other than the one to whom the
23 permit was issued. It is the intent of the legislature to prevent
24 subterfuge ownership of or unlawful use of a permit or the premises
25 covered by such permit; and all provisions of this code shall be
26 liberally construed to carry out this intent, and it shall be the
27 duty of the commission or the administrator to provide strict

1 adherence to the general policy of preventing subterfuge ownership
2 and related practices hereinafter declared to constitute unlawful
3 trade practices. An [~~No~~] applicant for a package store permit or a
4 renewal of a package store permit may not [~~thereof shall have~~
5 ~~authority to~~] designate as "premise" and the commission [~~or~~
6 ~~administrator~~] shall not approve a lesser area than that
7 specifically defined as "premise" in Section 11.49(a) [~~of this~~
8 ~~code~~]. Every permittee shall have and maintain exclusive occupancy
9 and control of the entire licensed premises in every phase of the
10 storage, distribution, possession, and transportation and sale of
11 all alcoholic beverages purchased, stored or sold on the licensed
12 premises. Any device, scheme or plan which surrenders control of
13 the employees, premises or business of the permittee to persons
14 other than the permittee shall be unlawful. No minor, unless
15 accompanied by his or her parent, guardian, adult husband or adult
16 wife, or other adult person into whose custody he or she has been
17 committed for the time by some court, shall knowingly be allowed on
18 the premises of the holder of a package store permit. The
19 prohibition against the presence of a minor on the premises of the
20 holder of a package store permit does not apply to the presence on
21 the premises of the holder or a person lawfully employed by the
22 holder. Any package store permittee who shall be injured in the
23 permittee's [~~his~~] business or property by another package store
24 permittee by reason of anything prohibited in this section may
25 institute suit in any district court in the county wherein the
26 violation is alleged to have occurred to require enforcement by
27 injunctive procedures and/or to recover threefold the damages [~~by~~

1 ~~him~~] sustained by the permittee; plus costs of suit including a
2 reasonable attorney's fee. The provisions prohibiting the
3 licensing of only a portion of a building as premise for a package
4 store permit shall not apply to hotels as already defined in this
5 code.

6 SECTION 358. Section 109.531, Alcoholic Beverage Code, is
7 amended to read as follows:

8 Sec. 109.531. ADDITIONAL REQUIREMENTS FOR APPLICATION OR
9 RENEWAL OF PERMIT, ~~[OR]~~ LICENSE, OR CERTIFICATE BY OUT-OF-STATE
10 RESIDENTS. In addition to any other requirement for a license, ~~[or]~~
11 permit, or certificate under this code, a person who has not been a
12 citizen of this state for a period of one year preceding the date
13 the person filed an application for a permit, ~~[or]~~ license, or
14 certificate under Chapter 25, 26, 28, 29, 30, 32 [~~Chapters 25-34,~~
15 ~~44~~], 48, 50 [~~48-51~~], 69, 71 [~~69-72~~], or [~~Chapter~~] 74 [~~of this code~~]
16 shall:

17 (1) designate an agent, who is a citizen of this state,
18 to represent the person in matters before the commission and to be
19 responsible for the proper conduct of any activity of the licensee
20 or permittee; and

21 (2) submit to a criminal history background check.

22 SECTION 359. Section 109.54(a), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (a) Any licensee who has purchased malt beverages [~~beer~~] for
25 sale at the site of a festival or civic celebration which has been
26 held annually for at least 15 years during a specified period not
27 exceeding 10 days shall be authorized for 24 hours following the

1 official close of the celebration to sell any malt beverages [~~beer~~]
2 remaining at the site to any licensee or permittee authorized to
3 purchase malt beverages [~~beer~~] for resale.

4 SECTION 360. Section 109.57(e), Alcoholic Beverage Code, is
5 amended to read as follows:

6 (e) A municipality located in a county that has a population
7 of 2.2 million or more and that is adjacent to a county with a
8 population of more than 600,000 or a municipality located in a
9 county with a population of 600,000 or more and that is adjacent to
10 a county with a population of 2.2 million or more may regulate, in a
11 manner not otherwise prohibited by law, the location of an
12 establishment issued a permit under Chapter 32 [~~or 33~~] if:

13 (1) the establishment derives 35 percent or more of
14 the establishment's gross revenue from the on-premises sale or
15 service of alcoholic beverages and the premises of the
16 establishment are located in a dry area; and

17 (2) the permit is not issued to a fraternal or veterans
18 organization or the holder of a food and beverage certificate.

19 SECTION 361. Sections 109.62(c) and (e), Alcoholic Beverage
20 Code, are amended to read as follows:

21 (c) A holder of one of the following permits or licenses [~~a~~
22 ~~permit or license under Chapter 41, 42, or 68~~] may make deliveries
23 to and pick up deliveries from the alternate location in the same
24 manner as this code and commission rules provide for the
25 distributor's or wholesaler's licensed or permitted premises:

26 (1) a distiller's and rectifier's permit;

27 (2) a winery permit;

- 1 (3) a wholesaler's permit;
- 2 (4) a general class B wholesaler's permit;
- 3 (5) a carrier permit;
- 4 (6) a brewer's license; or
- 5 (7) a general distributor's license.

6 (e) The alternate location must be in an area where the sale
7 of the applicable alcoholic beverages has been approved by a local
8 option election or where the distributor or wholesaler had been
9 operating under Section 251.77 or 251.78. If [~~beer, ale, or~~] malt
10 beverages are [~~liquor is~~] handled at the alternate location, the
11 alternate location must be in the area assigned to the distributor
12 [~~or wholesaler~~] under Subchapters C and D, Chapter 102.

13 SECTION 362. Section 109.63(a), Alcoholic Beverage Code, is
14 amended to read as follows:

15 (a) This section applies to the holder of a [~~brewer's~~
16 ~~permit,~~] distiller's and rectifier's permit, winery permit, [~~wine~~
17 ~~bottler's permit,~~] or brewer's [~~manufacturer's~~] license.

18 SECTION 363. Effective September 1, 2019, Section 109.64,
19 Alcoholic Beverage Code, is amended to read as follows:

20 Sec. 109.64. BULK PURCHASE FOR [~~BY HOLDER OF~~] INDUSTRIAL
21 USE [~~PERMIT~~]. Section 102.32 applies to the bulk purchase of liquor
22 for purposes described by Section 38.01 [~~the holder of an~~
23 ~~industrial permit~~] from the holder of a wholesaler's permit.

24 SECTION 364. The heading to Subchapter A, Chapter 201,
25 Alcoholic Beverage Code, is amended to read as follows:

26 SUBCHAPTER A. TAX ON LIQUOR [~~OTHER THAN ALE AND MALT LIQUOR~~]

27 SECTION 365. Section 201.01, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 201.01. LIQUOR. In this subchapter, "liquor" does not
3 include malt beverages [~~ale or malt liquor~~].

4 SECTION 366. Section 201.17, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 201.17. LIQUOR IN METRIC CONTAINERS. For the purpose
7 of the taxes imposed on liquor by this subchapter [~~and on ale and~~
8 ~~malt liquor by Subchapter B of this chapter~~], if the liquor is in
9 metric containers the amount of tax due is determined by converting
10 the metric amount into the equivalent amount in gallons and
11 applying the appropriate tax rate. The commission shall prepare
12 tables showing the amount of tax due on various types of liquor[~~r~~
13 ~~including ale and malt liquor~~] in metric containers.

14 SECTION 367. Section 201.72, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 201.72. DUTY TO PRINT. The commission and the board of
17 control shall have engraved or printed the liquor and malt beverage
18 [~~beer~~] tax stamps required by this code. The board of control shall
19 let the contracts for the stamps required by this code as provided
20 by law. The commission shall expend funds necessary to keep an
21 ample supply of stamps on hand.

22 SECTION 368. The heading to Chapter 203, Alcoholic Beverage
23 Code, is amended to read as follows:

24 CHAPTER 203. MALT BEVERAGE [~~BEER~~] TAX

25 SECTION 369. Section 203.01, Alcoholic Beverage Code, is
26 amended to read as follows:

27 Sec. 203.01. TAX ON MALT BEVERAGES [~~BEER~~]. A tax is imposed

1 on the first sale of malt beverages brewed [~~beer manufactured~~] in
2 this state or imported into this state at the rate of six dollars
3 per barrel.

4 SECTION 370. Section 203.02, Alcoholic Beverage Code, is
5 amended to read as follows:

6 Sec. 203.02. "FIRST SALE". In this chapter, "first sale"
7 means:

8 (1) the first actual sale of malt beverages [~~beer~~]:

9 (A) by the holder of a distributor's license or
10 by the holder of a brewer's [~~manufacturer's~~] license acting under
11 the authority of Section 62A.02 [~~62.12~~], to:

12 (i) a permittee or licensee authorized to
13 sell to ultimate consumers;

14 (ii) a local distributor permittee; or

15 (iii) a private club registration
16 permittee; or

17 (B) by a brewpub licensee to a consumer or a
18 permittee or licensee authorized to sell malt beverages [~~beer~~] to
19 ultimate consumers; or

20 (2) the importation of malt beverages [~~beer~~] under
21 Section 107.07.

22 SECTION 371. Section 203.03(a), Alcoholic Beverage Code, is
23 amended to read as follows:

24 (a) The licensee making the taxable first sale shall pay the
25 tax on malt beverages [~~beer~~] imposed under Section 203.01 [~~of this~~
26 ~~code~~].

27 SECTION 372. Section 203.04, Alcoholic Beverage Code, is

1 amended to read as follows:

2 Sec. 203.04. TAX ON UNSALABLE MALT BEVERAGES [~~BEER~~]. No tax
3 imposed under Section 203.01 [~~of this code~~] may be imposed or
4 collected on malt beverages [~~beer~~] that for any reason have [~~has~~]
5 been found and declared to be unsalable by the commission or
6 administrator. A brewer [~~manufacturer~~] or distributor is entitled
7 to a refund of any tax the brewer or distributor [~~he~~] has paid on
8 unsalable malt beverages [~~beer~~].

9 SECTION 373. Sections 203.05(a) and (b), Alcoholic Beverage
10 Code, are amended to read as follows:

11 (a) No tax may be collected on malt beverages [~~beer~~]:

12 (1) shipped out of this state for consumption outside
13 of this state;

14 (2) sold aboard ships for ship's supplies; or

15 (3) shipped to any installation of the national
16 military establishment under federal jurisdiction for consumption
17 by military personnel on that installation.

18 (b) The commission shall provide forms on which
19 distributors and brewers [~~manufacturers~~] may claim these
20 exemptions from the tax on malt beverages [~~beer~~].

21 SECTION 374. Section 203.06, Alcoholic Beverage Code, is
22 amended to read as follows:

23 Sec. 203.06. EXCESS TAX. A brewer [~~manufacturer~~] or
24 distributor is entitled to a refund or credit on future tax payment
25 for any excess tax on malt beverages [~~beer~~] paid through oversight,
26 mistake, error, or miscalculation.

27 SECTION 375. Section 203.07(b), Alcoholic Beverage Code, is

1 amended to read as follows:

2 (b) Necessary funds from the collection of the malt
3 beverages [~~beer~~] tax before it is allocated may be appropriated for
4 the payment of malt beverages [~~beer~~] tax refunds.

5 SECTION 376. Sections 203.09(a) and (b), Alcoholic Beverage
6 Code, are amended to read as follows:

7 (a) The commission may require brewers [~~manufacturers~~] of
8 malt beverages brewed [~~beer-manufactured~~] in this state or imported
9 into this state, importers, and distributors to provide information
10 as to purchases, sales, and shipments to enable the commission to
11 collect the full amount of the malt beverages [~~beer~~] tax due. No
12 brewer [~~manufacturer~~], importer, or distributor may fail or refuse
13 to furnish the information.

14 (b) The commission may seize or withhold from sale the
15 manufacturer's, importer's, or distributor's malt beverages [~~beer~~]
16 for failure or refusal to supply the information required under
17 Subsection (a) [~~of this section~~] or to permit the commission to make
18 an investigation of pertinent records whether inside or outside
19 this state.

20 SECTION 377. Section 203.10, Alcoholic Beverage Code, is
21 amended to read as follows:

22 Sec. 203.10. PAYMENT OF TAXES; DISCOUNT. The tax on malt
23 beverages [~~beer~~] shall be paid by a remittance payable to the
24 comptroller and forwarded with any required sworn statements of
25 taxes due to the commission in Austin on or before the due date. A
26 discount of two percent of the amount due shall be withheld by the
27 permittee or licensee for keeping records, furnishing bonds, and

1 properly accounting for the remittance of the tax due. No discount
2 is permitted if the tax is delinquent at the time of payment.

3 SECTION 378. Section 203.11, Alcoholic Beverage Code, is
4 amended to read as follows:

5 Sec. 203.11. EVIDENCE IN SUIT. In a suit brought to enforce
6 the collection of tax due on malt beverages brewed [~~beer~~
7 ~~manufactured~~] in or imported into this state, a certificate by the
8 commission or administrator showing the delinquency is prima facie
9 evidence of:

10 (1) the levy of the tax or the delinquency of the
11 stated amount of tax and penalty; and

12 (2) compliance by the commission with the provisions
13 of this code in relation to the computation and levy of the tax.

14 SECTION 379. Section 203.12, Alcoholic Beverage Code, is
15 amended to read as follows:

16 Sec. 203.12. TAX LIABILITY. A person possessing malt
17 beverages [~~beer~~] on which the tax is delinquent is liable for the
18 delinquent taxes in addition to the criminal penalties.

19 SECTION 380. Sections 204.01(a), (b), (f), and (i),
20 Alcoholic Beverage Code, are amended to read as follows:

21 (a) Except as otherwise provided in this section, the
22 following licensees and permittees shall furnish a bond:

23 (1) those authorized to import alcoholic beverages
24 into the state;

25 (2) brewers [~~manufacturers~~] of malt beverages [~~beer~~
26 ~~and brewers of ale or malt liquor~~] in the state; and

27 (3) all other permittees.

1 (b) A [~~No~~] bond is not required of a holder of a mixed
2 beverage, private club registration, carrier [~~carriers~~], local
3 cartage, wine and malt beverage retailer's [~~beer retailers~~], or
4 nonresident seller's [~~, manufacturer's agent's, or agent's~~] permit.

5 (f) The holder of a wholesaler's or class B wholesaler's
6 permit, the holder of a winery [~~or wine bottler's~~] permit, or the
7 holder of a distributor's license is not required to furnish a bond
8 if for the preceding 36 months the permittee or licensee has paid
9 all taxes and fees required by this code on or before the due date.

10 (i) A permittee or licensee who qualifies for an exemption
11 under Subsection (f) [~~of this section~~] is also exempt from the
12 bonding requirement for any other wholesaler's permit, class B
13 wholesaler's permit, winery permit, [~~wine bottler's permit,~~] or
14 distributor's license currently held by or subsequently issued to
15 the same permittee or licensee for use at licensed premises
16 different from and additional to those covered by the permit or
17 license under which the permittee or licensee qualified for
18 exemption. However, if a permittee or licensee fails to pay a tax
19 or fee imposed by this code on or before the due date and the
20 permittee or licensee holds multiple permits or licenses, the
21 requirement for a bond or tax security shall be imposed or reimposed
22 under Subsection (g) [~~of this section~~] only on the permit or license
23 covering the licensed premises for which the tax or fee and any
24 applicable penalty were not timely paid.

25 SECTION 381. Section 204.03(d), Alcoholic Beverage Code, is
26 amended to read as follows:

27 (d) Bonds, letters of credit, or certificates of deposit to

1 insure the payment of the tax on distilled spirits imposed by
2 Section 201.03 [~~of this code~~], the tax on vinous liquor imposed by
3 Section 201.04 [~~of this code~~], [~~the tax on ale and malt liquor~~
4 ~~imposed by Section 201.42 of this code,~~] or the tax on malt
5 beverages [~~beer~~] imposed by Section 203.01 [~~of this code~~], shall be
6 set at an amount that will protect the state against the anticipated
7 tax liability of the principal for any six-week period.

8 SECTION 382. Sections 251.725(a) and (b), Alcoholic
9 Beverage Code, are amended to read as follows:

10 (a) This section applies only to a municipality whose local
11 option status allows for the legal sale of malt beverages [~~beer~~] and
12 wine for off-premise consumption only as a result of a local option
13 election on the applicable ballot issue held on or after January 1,
14 1985.

15 (b) The governing body of a municipality described by
16 Subsection (a) may adopt an ordinance authorizing the sale of malt
17 beverages [~~beer~~] and wine for off-premise consumption in an area
18 annexed by the municipality after that election if at the time the
19 ordinance is adopted:

20 (1) the annexed area is not more than one percent of
21 the total area covered by the municipality;

22 (2) all of the land in the annexed area is zoned for
23 commercial use only; and

24 (3) the annexed area is not adjacent to residential,
25 church, or school property.

26 SECTION 383. Section 251.75, Alcoholic Beverage Code, is
27 amended to read as follows:

1 Sec. 251.75. CONTINUANCE OF OPERATION AS ~~[MANUFACTURER OR]~~
2 BREWER. Notwithstanding any other provision of this code, if the
3 sale of malt beverages ~~[beer or ale]~~ is prohibited in an area by a
4 local option election, a holder of a brewer's ~~[manufacturer's]~~
5 license ~~[or brewer's permit]~~ that was issued prior to the election
6 may not be denied an original or renewal brewer's ~~[manufacturer's]~~
7 license ~~[or brewer's permit]~~ for the same location on the ground
8 that the local option status of the area prohibits the sale of malt
9 beverages ~~[beer or ale]~~. Except for the right to sell malt
10 beverages ~~[beer or ale]~~ contrary to the local option status of the
11 area, the licensee ~~[or permittee]~~ may engage in all activities
12 authorized by the license ~~[or permit]~~, including the
13 ~~[manufacturing,]~~ brewing, possessing, storing, and packaging of
14 malt beverages ~~[beer or ale]~~, and transporting the malt beverages
15 ~~[it]~~ to an area where the ~~[its]~~ sale of malt beverages is legal. The
16 licensee ~~[or permittee]~~ may deliver malt beverages ~~[beer or ale]~~ at
17 the licensee's ~~[his licensed]~~ premises to a purchaser from outside
18 the state, an authorized carrier, or distributor~~[, or class B~~
19 ~~wholesaler]~~. The purchaser, carrier, or distributor~~[, or class B~~
20 ~~wholesaler]~~ may not receive the malt beverages ~~[beer or ale]~~ for
21 transportation unless there has first been an order, acceptance,
22 and payment or legal satisfaction of payment in an area where the
23 sale of malt beverages ~~[beer or ale]~~ is legal.

24 SECTION 384. Section 251.77, Alcoholic Beverage Code, is
25 amended to read as follows:

26 Sec. 251.77. CONTINUANCE OF OPERATION AS DISTRIBUTOR. (a)
27 Notwithstanding any other provision of this code, if the sale of

1 malt beverages [~~beer~~] is prohibited by local option election, a
2 licensed distributor of malt beverages [~~beer~~] whose warehouse or
3 other facilities used in connection with the distributorship are
4 located in the area affected, has the right to continue to operate
5 as a distributor in that area and maintain the necessary premises
6 and facilities for distribution. The distributor continues to
7 enjoy all the rights and privileges incident to distributorship,
8 including the right to possess, store, warehouse, and sell malt
9 beverages [~~beer~~] in that area, and deliver malt beverages [~~beer~~]
10 into and out of that area.

11 (b) A distributor in the area affected may sell or deliver
12 malt beverages [~~beer~~] only to licensed outlets located where the
13 sale of malt beverages [~~beer~~] is legal.

14 SECTION 385. Effective September 1, 2019, Section 251.79,
15 Alcoholic Beverage Code, is amended to read as follows:

16 Sec. 251.79. AREAS IN WHICH CERTAIN PERMITS AND LICENSES
17 MAY BE ISSUED. Notwithstanding any other provision of this code, a
18 wholesaler's permit, general class B wholesaler's permit, [~~local~~
19 ~~class B wholesaler's permit,~~] or general[, ~~local~~] or branch
20 distributor's license may be issued and licensed premises
21 maintained in any area where the sale of any alcoholic beverage is
22 legal. A person issued a permit or license under this section may
23 exercise all rights and privileges of other permittees and
24 licensees of the same class.

25 SECTION 386. Subchapter D, Chapter 251, Alcoholic Beverage
26 Code, is amended by adding Section 251.811 to read as follows:

27 Sec. 251.811. SALE OF MALT BEVERAGES. (a) If before

1 September 1, 2021, the sale of beer was approved in an area by a
2 local option election that approved the sale of beer only, an
3 alcoholic beverage license or permit holder may not sell in that
4 area malt beverages containing more than five percent alcohol by
5 volume unless a subsequent local option election approves the sale
6 of malt beverages or malt beverages and other alcoholic beverages.

7 (b) The commission shall, on the face of each retail
8 license, indicate whether the holder may only sell malt beverages
9 that do not exceed five percent alcohol by volume.

10 SECTION 387. Article 18.17(a), Code of Criminal Procedure,
11 is amended to read as follows:

12 (a) All unclaimed or abandoned personal property of every
13 kind, other than contraband subject to forfeiture under Chapter 59
14 [~~of this code~~] and whiskey, wine and malt beverages [~~beer~~], seized
15 by any peace officer in the State of Texas which is not held as
16 evidence to be used in any pending case and has not been ordered
17 destroyed or returned to the person entitled to possession of the
18 same by a magistrate, which shall remain unclaimed for a period of
19 30 days shall be delivered for disposition to a person designated by
20 the municipality or the purchasing agent of the county in which the
21 property was seized. If a peace officer of a municipality seizes
22 the property, the peace officer shall deliver the property to a
23 person designated by the municipality. If any other peace officer
24 seizes the property, the peace officer shall deliver the property
25 to the purchasing agent of the county. If the county has no
26 purchasing agent, then such property shall be disposed of by the
27 sheriff of the county.

1 SECTION 388. Section 501.001(1), Election Code, is amended
2 to read as follows:

3 (1) "Alcoholic beverage," [~~"beer,"~~] "commission,"
4 "liquor," "malt beverage," "mixed beverage," and "wine and vinous
5 liquor" have the meanings assigned by Section 1.04, Alcoholic
6 Beverage Code.

7 SECTION 389. Sections 501.035(a), (b), and (c), Election
8 Code, are amended to read as follows:

9 (a) In the ballot issues prescribed by this section, "wine"
10 is limited to vinous beverages that do not contain more than 17
11 percent alcohol by volume and "malt beverages" are limited to
12 [~~includes~~] malt beverages that do not contain more than 17 percent
13 [~~exceed that~~] alcohol by volume [~~content~~]. For local option
14 purposes, those beverages, sold and dispensed to the public in
15 unbroken, sealed, individual containers, are a separate and
16 distinct type of alcoholic beverage.

17 (b) In an area where any type or classification of alcoholic
18 beverages is prohibited and the issue submitted pertains to
19 legalization of the sale of one or more of the prohibited types or
20 classifications, the ballot shall be prepared to permit voting for
21 or against the one of the following issues that applies:

22 (1) "The legal sale of malt beverages [~~beer~~] for
23 off-premise consumption only."

24 (2) "The legal sale of malt beverages [~~beer~~]."

25 (3) "The legal sale of malt beverages [~~beer~~] and wine
26 for off-premise consumption only."

27 (4) "The legal sale of malt beverages [~~beer~~] and

1 wine."

2 (5) "The legal sale of all alcoholic beverages for
3 off-premise consumption only."

4 (6) "The legal sale of all alcoholic beverages except
5 mixed beverages."

6 (7) "The legal sale of all alcoholic beverages
7 including mixed beverages."

8 (8) "The legal sale of mixed beverages."

9 (9) "The legal sale of mixed beverages in restaurants
10 by food and beverage certificate holders only."

11 (10) "The legal sale of wine on the premises of a
12 holder of a winery permit."

13 (c) In an area where the sale of any type or classification
14 of alcoholic beverages has been legalized, the ballot for a
15 prohibitory election shall be prepared to permit voting for or
16 against the one of the following issues that applies:

17 (1) "The legal sale of malt beverages [~~beer~~] for
18 off-premise consumption only."

19 (2) "The legal sale of malt beverages [~~beer~~]."

20 (3) "The legal sale of malt beverages [~~beer~~] and wine
21 for off-premise consumption only."

22 (4) "The legal sale of malt beverages [~~beer~~] and
23 wine."

24 (5) "The legal sale of all alcoholic beverages for
25 off-premise consumption only."

26 (6) "The legal sale of all alcoholic beverages except
27 mixed beverages."

1 (7) "The legal sale of all alcoholic beverages
2 including mixed beverages."

3 (8) "The legal sale of mixed beverages."

4 (9) "The legal sale of mixed beverages in restaurants
5 by food and beverage certificate holders only."

6 (10) "The legal sale of wine on the premises of a
7 holder of a winery permit."

8 SECTION 390. Section 437.110(a), Government Code, is
9 amended to read as follows:

10 (a) The department may establish and contract for the
11 operation of not more than three military-type post exchanges
12 similar to those operated by the armed forces of the United States
13 on any real property under the management and control of the
14 department. A post exchange may sell, lease, or rent goods and
15 services, including firearms, tobacco products, prepared foods,
16 and malt beverages [~~beer~~] and wine but not distilled spirits. The
17 department may designate facilities located on state property to
18 use for purposes of this section.

19 SECTION 391. Section 466.155(a), Government Code, is
20 amended to read as follows:

21 (a) After a hearing, the director shall deny an application
22 for a license or the commission shall suspend or revoke a license if
23 the director or commission, as applicable, finds that the applicant
24 or sales agent:

25 (1) is an individual who:

26 (A) has been convicted of a felony, criminal
27 fraud, gambling or a gambling-related offense, or a misdemeanor

1 involving moral turpitude, if less than 10 years has elapsed since
2 the termination of the sentence, parole, mandatory supervision, or
3 probation served for the offense;

4 (B) is or has been a professional gambler;

5 (C) is married to an individual:

6 (i) described in Paragraph (A) or (B); or

7 (ii) who is currently delinquent in the
8 payment of any state tax;

9 (D) is an officer or employee of the commission
10 or a lottery operator; or

11 (E) is a spouse, child, brother, sister, or
12 parent residing as a member of the same household in the principal
13 place of residence of a person described by Paragraph (D);

14 (2) is not an individual, and an individual described
15 in Subdivision (1):

16 (A) is an officer or director of the applicant or
17 sales agent;

18 (B) holds more than 10 percent of the stock in the
19 applicant or sales agent;

20 (C) holds an equitable interest greater than 10
21 percent in the applicant or sales agent;

22 (D) is a creditor of the applicant or sales agent
23 who holds more than 10 percent of the applicant's or sales agent's
24 outstanding debt;

25 (E) is the owner or lessee of a business that the
26 applicant or sales agent conducts or through which the applicant
27 will conduct a ticket sales agency;

1 (F) shares or will share in the profits, other
2 than stock dividends, of the applicant or sales agent; or

3 (G) participates in managing the affairs of the
4 applicant or sales agent;

5 (3) has been finally determined to be:

6 (A) delinquent in the payment of a tax or other
7 money collected by the comptroller, the Texas Workforce Commission,
8 or the Texas Alcoholic Beverage Commission;

9 (B) in default on a loan made under Chapter 52,
10 Education Code; or

11 (C) in default on a loan guaranteed under Chapter
12 57, Education Code;

13 (4) is a person whose location for the sales agency is:

14 (A) a location licensed for games of bingo under
15 Chapter 2001, Occupations Code;

16 (B) on land that is owned by:

17 (i) this state; or

18 (ii) a political subdivision of this state
19 and on which is located a public primary or secondary school, an
20 institution of higher education, or an agency of the state; or

21 (C) a location for which a person holds a wine and
22 malt beverage [~~beer~~] retailer's permit, mixed beverage permit,
23 mixed beverage permit with a retailer late hours certificate
24 [~~permit~~], private club registration permit, or private club
25 registration permit with a retailer late hours certificate [~~permit~~]
26 issued under Chapter 25, 28, 29, or 32, [~~or 33,~~] Alcoholic Beverage
27 Code, other than a location for which a person holds a wine and malt

1 beverage [~~beer~~] retailer's permit issued under Chapter 25,
2 Alcoholic Beverage Code, that derives less than 30 percent of the
3 location's gross receipts from the sale or service of alcoholic
4 beverages; or

5 (5) has violated this chapter or a rule adopted under
6 this chapter.

7 SECTION 392. Effective September 1, 2019, Section
8 431.2211(c), Health and Safety Code, is amended to read as follows:

9 (c) This subchapter does not apply to the distribution of
10 beverages in sealed containers by holders of licenses or permits
11 issued under Chapter 19, 20, [~~21,~~] 23, or 64, [~~or 65,~~] Alcoholic
12 Beverage Code. The provisions of the Alcoholic Beverage Code
13 prevail to the extent of any conflict with this chapter.

14 SECTION 393. Section 438.013(c), Health and Safety Code, is
15 amended to read as follows:

16 (c) In this section, "liquor dispensary" means a place where
17 malt beverages [~~beer, ale~~], wine, or any other alcoholic beverage
18 is stored, prepared, labeled, bottled, served, or handled.

19 SECTION 394. Sections 1956.001(1) and (10), Occupations
20 Code, are amended to read as follows:

21 (1) "Aluminum material" means a product made from
22 aluminum, an aluminum alloy, or an aluminum by-product. The term
23 includes aluminum wiring and an aluminum malt beverage [~~beer~~] keg
24 but does not include another type of aluminum can used to contain a
25 food or beverage.

26 (10) "Regulated metal" means:

27 (A) manhole covers;

- 1 (B) guardrails;
- 2 (C) metal cylinders designed to contain
3 compressed air, oxygen, gases, or liquids;
- 4 (D) malt beverage [~~beer~~] kegs made from metal
5 other than aluminum;
- 6 (E) historical markers or cemetery vases,
7 receptacles, or memorials made from metal other than aluminum;
- 8 (F) unused rebar;
- 9 (G) street signs;
- 10 (H) drain gates;
- 11 (I) safes;
- 12 (J) communication, transmission, and service
13 wire or cable;
- 14 (K) condensing or evaporator coils for central
15 heating or air conditioning units;
- 16 (L) utility structures, including the fixtures
17 and hardware;
- 18 (M) aluminum or stainless steel containers
19 designed to hold propane for fueling forklifts;
- 20 (N) metal railroad equipment, including tie
21 plates, signal houses, control boxes, signs, signals, traffic
22 devices, traffic control devices, traffic control signals, switch
23 plates, e-clips, and rail tie functions;
- 24 (O) catalytic converters not attached to a
25 vehicle;
- 26 (P) fire hydrants;
- 27 (Q) metal bleachers or other seating facilities

1 used in recreational areas or sporting arenas;

2 (R) any metal item clearly and conspicuously
3 marked with any form of the name, initials, or logo of a
4 governmental entity, utility, cemetery, or railroad;

5 (S) insulated utility, communications, or
6 electrical wire that has been burned in whole or in part to remove
7 the insulation;

8 (T) backflow valves;

9 (U) metal in the form of commonly recognized
10 products of the industrial metals recycling process, including
11 bales, briquettes, billets, sows, ingots, pucks, and chopped or
12 shredded metals; and

13 (V) commercial grade lead batteries or lead-acid
14 batteries.

15 SECTION 395. Effective September 1, 2019, Section 2401.002,
16 Occupations Code, is amended to read as follows:

17 Sec. 2401.002. APPLICATION OF CHAPTER. This chapter does
18 not apply to a person who:

19 (1) acts as a customs broker as defined by 19 U.S.C.
20 Section 1641;

21 (2) operates trucks and delivery vehicles in the
22 wholesale distribution of alcoholic beverages under Chapter 19, 20,
23 or ~~[21]~~ 64, ~~[or 65]~~ Alcoholic Beverage Code; or

24 (3) acts as an ocean freight forwarder as defined by 46
25 U.S.C. Section 1702.

26 SECTION 396. Effective September 1, 2019, Section
27 111.006(h), Tax Code, is amended to read as follows:

1 (h) The comptroller shall disclose information to a person
2 regarding net sales by quantity, brand, and size that is submitted
3 in a report required under Section 151.462 if:

4 (1) the person requesting the information holds a
5 permit or license under Chapter 19, 20, [~~21,~~] 37, 64, [~~65,~~] or 66,
6 Alcoholic Beverage Code; and

7 (2) the request relates only to information regarding
8 the sale of a product distributed by the person making the request.

9 SECTION 397. Section 151.054(d), Tax Code, is amended to
10 read as follows:

11 (d) A sale of liquor, wine, [~~beer,~~] or malt beverages
12 [~~liquor~~] by the holder of a brewer's [~~manufacturer's~~] license,
13 wholesaler's permit, general class B wholesaler's permit, [~~local~~
14 ~~class B wholesaler's permit,~~] local distributor's permit, or a
15 general[~~, local,~~] or branch distributor's license issued under the
16 Alcoholic Beverage Code to the holder of a retail license or permit
17 issued under the Alcoholic Beverage Code is presumed to be a sale
18 for resale. In a sale to which this section applies, the seller is
19 not required to receive a resale certificate from the purchaser.

20 SECTION 398. Sections 151.461(1), (2), (5), and (6), Tax
21 Code, are amended to read as follows:

22 (1) "Brewer" means a person required to hold a brewer's
23 license [~~permit~~] under Chapter 62 [~~12~~], Alcoholic Beverage Code.

24 (2) "Distributor" means a person required to hold:

25 (A) a general distributor's license under
26 Chapter 64, Alcoholic Beverage Code; or

27 (B) [~~a local distributor's license under Chapter~~

1 ~~65, Alcoholic Beverage Code, or~~

2 [~~C~~] a branch distributor's license under
3 Chapter 66, Alcoholic Beverage Code.

4 (5) "Retailer" means a person required to hold:

5 (A) a wine and malt beverage [~~beer~~] retailer's
6 permit under Chapter 25, Alcoholic Beverage Code;

7 (B) a wine and malt beverage [~~beer~~] retailer's
8 off-premise permit under Chapter 26, Alcoholic Beverage Code;

9 (C) a nonprofit entity temporary event [~~wine and~~
10 ~~beer retailer's~~] permit [~~or special three-day wine and beer permit~~]
11 under Chapter 30 [~~27~~], Alcoholic Beverage Code;

12 (D) a mixed beverage permit under Chapter 28,
13 Alcoholic Beverage Code;

14 (E) [~~a daily temporary mixed beverage permit~~
15 ~~under Chapter 30, Alcoholic Beverage Code,~~

16 [~~F~~] a private club registration permit under
17 Chapter 32, Alcoholic Beverage Code;

18 (F) [~~G~~] a certificate issued to a fraternal or
19 veterans organization under Section 32.11, Alcoholic Beverage
20 Code;

21 (G) [~~H~~] ~~a daily temporary private club permit~~
22 ~~under Subchapter B, Chapter 33, Alcoholic Beverage Code,~~

23 [~~I~~] ~~a temporary auction permit under Chapter 53,~~
24 ~~Alcoholic Beverage Code,~~

25 [~~J~~] a retail dealer's on-premise license under
26 Chapter 69, Alcoholic Beverage Code;

27 [~~K~~] ~~a temporary license under Chapter 72,~~

1 ~~Alcoholic Beverage Code,~~] or

2 (H) [~~L~~] a retail dealer's off-premise license
3 under Chapter 71, Alcoholic Beverage Code, except for a dealer who
4 also holds a package store permit under Chapter 22, Alcoholic
5 Beverage Code.

6 (6) "Wholesaler" means a person required to hold:

7 (A) a winery permit under Chapter 16, Alcoholic
8 Beverage Code;

9 (B) a wholesaler's permit under Chapter 19,
10 Alcoholic Beverage Code; or

11 (C) a general Class B wholesaler's permit under
12 Chapter 20, Alcoholic Beverage Code [~~, or~~

13 ~~(D) a local Class B wholesaler's permit under~~
14 ~~Chapter 21, Alcoholic Beverage Code].~~

15 SECTION 399. Section 151.462, Tax Code, is amended to read
16 as follows:

17 Sec. 151.462. REPORTS BY BREWERS, [~~MANUFACTURERS,~~
18 WHOLESALERS, AND DISTRIBUTORS. (a) The comptroller shall require
19 each brewer, [~~manufacturer,~~] wholesaler, distributor, or package
20 store local distributor to file with the comptroller a report each
21 month of alcoholic beverage sales to retailers in this state.

22 (b) Each brewer, [~~manufacturer,~~] wholesaler, distributor,
23 or package store local distributor shall file a separate report for
24 each permit or license held on or before the 25th day of each month.
25 The report must contain the following information for the preceding
26 calendar month's sales in relation to each retailer:

27 (1) the brewer's, [~~manufacturer's,~~] wholesaler's,

1 distributor's, or package store local distributor's name, address,
2 taxpayer number and outlet number assigned by the comptroller, and
3 alphanumeric permit or license number issued by the Texas Alcoholic
4 Beverage Commission;

5 (2) the retailer's:

6 (A) name and address, including street name and
7 number, city, and zip code;

8 (B) taxpayer number assigned by the comptroller;
9 and

10 (C) alphanumeric permit or license number issued
11 by the Texas Alcoholic Beverage Commission for each separate retail
12 location or outlet to which the brewer, [~~manufacturer,~~] wholesaler,
13 distributor, or package store local distributor sold the alcoholic
14 beverages that are listed on the report; and

15 (3) the monthly net sales made by the brewer,
16 [~~manufacturer,~~] wholesaler, distributor, or package store local
17 distributor to the retailer for each outlet or location covered by a
18 separate retail permit or license issued by the Texas Alcoholic
19 Beverage Commission, including separate line items for:

20 (A) the number of units of alcoholic beverages;

21 (B) the individual container size and pack of
22 each unit;

23 (C) the brand name;

24 (D) the type of beverage, such as distilled
25 spirits, wine, or malt beverage;

26 (E) the universal product code of the alcoholic
27 beverage; and

1 (F) the net selling price of the alcoholic
2 beverage.

3 (c) Except as provided by this subsection, the brewer,
4 ~~[manufacturer]~~ wholesaler, distributor, or package store local
5 distributor shall file the report with the comptroller
6 electronically. The comptroller may establish procedures to
7 temporarily postpone the electronic reporting requirement for a
8 brewer, ~~[manufacturer]~~ wholesaler, distributor, or package store
9 local distributor who demonstrates to the comptroller an inability
10 to comply because undue hardship would result if it were required to
11 file the return electronically. If the comptroller determines that
12 another technological method of filing the report is more efficient
13 than electronic filing, the comptroller may establish procedures
14 requiring its use by brewers, ~~[manufacturers]~~ wholesalers,
15 distributors, and package store local distributors.

16 SECTION 400. Section 151.466, Tax Code, is amended to read
17 as follows:

18 Sec. 151.466. APPLICABILITY TO CERTAIN BREWERS
19 ~~[MANUFACTURERS]~~. This subchapter applies only to a brewer
20 ~~[manufacturer]~~ licensed under Chapter 62A, Alcoholic Beverage
21 Code.

22 SECTION 401. Section 151.468(b), Tax Code, is amended to
23 read as follows:

24 (b) In addition to the penalties imposed under Subsection
25 (a), a brewer, ~~[manufacturer]~~ wholesaler, distributor, or package
26 store local distributor shall pay the state a civil penalty of not
27 less than \$25 or more than \$2,000 for each day a violation continues

1 if the brewer, [~~manufacturer,~~] wholesaler, distributor, or package
2 store local distributor:

3 (1) violates this subchapter; or

4 (2) violates a rule adopted to administer or enforce
5 this subchapter.

6 SECTION 402. Section 151.470, Tax Code, is amended to read
7 as follows:

8 Sec. 151.470. AUDIT; INSPECTION. The comptroller may
9 audit, inspect, or otherwise verify a brewer's, [~~manufacturer's,~~
10 wholesaler's, distributor's, or package store local distributor's
11 compliance with this subchapter.

12 SECTION 403. Section 183.001(b)(1), Tax Code, is amended to
13 read as follows:

14 (1) "Permittee" means a mixed beverage permittee, a
15 private club registration permittee, a private club exemption
16 certificate permittee, a private club registration permittee with a
17 retailer late hours certificate [~~permittee~~], a nonprofit entity
18 [~~daily~~] temporary event [~~private club~~] permittee, a private club
19 registration permittee holding a food and beverage certificate, [~~a~~
20 ~~daily temporary mixed beverage permittee,~~] a mixed beverage
21 permittee with a retailer late hours certificate [~~permittee~~], a
22 mixed beverage permittee holding a food and beverage certificate,
23 [~~a caterer permittee,~~] or a distiller's and rectifier's permittee.

24 SECTION 404. Section 522.003(1), Transportation Code, is
25 amended to read as follows:

26 (1) "Alcohol" means:

27 (A) malt beverages [~~beer, ale, port, stout,~~

1 ~~sake,~~] or any other similar fermented beverages or products
2 containing one-half of one percent or more of alcohol by volume,
3 brewed or produced wholly or in part from malt or a malt substitute;

4 (B) wine, including sake, containing one-half of
5 one percent or more of alcohol by volume; or

6 (C) distilled spirits, including ethyl alcohol,
7 ethanol, and spirits of wine in any form, and all dilutions and
8 mixtures of distilled spirits from whatever source or by whatever
9 process produced.

10 SECTION 405. Section 643.002, Transportation Code, is
11 amended to read as follows:

12 Sec. 643.002. EXEMPTIONS. This chapter does not apply to:

13 (1) motor carrier operations exempt from registration
14 by the Unified Carrier Registration Act of 2005 (49 U.S.C. Section
15 14504a) or a motor vehicle registered under the single state
16 registration system established under 49 U.S.C. Section 14504(c)
17 when operating exclusively in interstate or international
18 commerce;

19 (2) a motor vehicle registered as a cotton vehicle
20 under Section 504.505;

21 (3) a motor vehicle the department by rule exempts
22 because the vehicle is subject to comparable registration and a
23 comparable safety program administered by another governmental
24 entity;

25 (4) a motor vehicle used to transport passengers
26 operated by an entity whose primary function is not the
27 transportation of passengers, such as a vehicle operated by a

1 hotel, day-care center, public or private school, nursing home, or
2 similar organization;

3 (5) a vehicle operating under:

4 (A) Section 14.07 [~~a private carrier permit~~
5 ~~issued under Chapter 42~~], Alcoholic Beverage Code;

6 (B) Section 16.10, Alcoholic Beverage Code;

7 (C) Section 19.06, Alcoholic Beverage Code; or

8 (D) Section 20.04, Alcoholic Beverage Code;

9 (6) a vehicle operated by a governmental entity; or

10 (7) a tow truck, as defined by Section 2308.002,
11 Occupations Code.

12 SECTION 406. (a) Not later than December 1, 2019, the
13 governor shall appoint two additional members to the Texas
14 Alcoholic Beverage Commission. At the first meeting of the Texas
15 Alcoholic Beverage Commission after the additional members are
16 appointed under this subsection, or as soon as practicable after
17 that meeting, the two new members of the commission shall draw lots
18 to determine which member will serve a term expiring November 15,
19 2023, and which member will serve a term expiring November 15, 2025.

20 (b) In determining the number of members of the Texas
21 Alcoholic Beverage Commission that constitutes a quorum of the
22 commission, each new membership position created by the amendment
23 by this Act of Section 5.02(a), Alcoholic Beverage Code, does not
24 count in that determination until the governor has initially
25 appointed a person to fill the position and the person qualifies for
26 office. This subsection expires December 1, 2019.

27 (c) This section takes effect September 1, 2019.

1 SECTION 407. (a) Except as provided by Subsection (b) of
2 this section, Section 5.022, Alcoholic Beverage Code, as amended by
3 this Act, applies to a member of the Texas Alcoholic Beverage
4 Commission appointed before, on, or after the effective date of
5 this Act.

6 (b) A member of the Texas Alcoholic Beverage Commission who,
7 before September 1, 2019, completed the training program required
8 by Section 5.022, Alcoholic Beverage Code, as that law existed
9 before September 1, 2019, is required to complete additional
10 training only on subjects added by this Act to the training program
11 as required by Section 5.022, Alcoholic Beverage Code, as amended
12 by this Act. A commission member described by this subsection may
13 not vote, deliberate, or be counted as a member in attendance at a
14 meeting of the commission held on or after December 1, 2019, until
15 the member completes the additional training.

16 (c) This section takes effect September 1, 2019.

17 SECTION 408. (a) Not later than January 31, 2020, the Texas
18 Alcoholic Beverage Commission shall adopt rules to implement the
19 changes in law made by this Act to Section 5.361, Alcoholic Beverage
20 Code, relating to developing a plan for inspecting alcoholic
21 beverage licensees and permittees. The Texas Alcoholic Beverage
22 Commission shall with the assistance of the Legislative Budget
23 Board develop target goals for the percentage of licensed and
24 permitted facilities the commission inspects each year.

25 (b) Not later than December 31, 2020, the Texas Alcoholic
26 Beverage Commission shall adopt rules to implement Sections 11.43,
27 11.431, 11.432, 61.31, 61.313, and 61.314, Alcoholic Beverage Code,

1 as amended or added by this Act, relating to the permit and license
2 application and protest process.

3 (c) Not later than December 31, 2020, the Texas Alcoholic
4 Beverage Commission shall adopt rules to implement the changes in
5 law made by this Act to Sections 101.67 and 101.671, Alcoholic
6 Beverage Code, relating to the registration of alcoholic beverages.

7 (d) Not later than December 31, 2019, the Texas Alcoholic
8 Beverage Commission shall adopt the rules required by Section
9 108.52, Alcoholic Beverage Code, as amended by this Act, relating
10 to outdoor advertising.

11 (e) This section takes effect September 1, 2019.

12 SECTION 409. (a) The Texas Alcoholic Beverage Commission
13 shall adopt rules setting a fee for each original or renewal
14 certificate, permit, and license as authorized by Section 5.50,
15 Alcoholic Beverage Code, as amended by this Act, not later than
16 September 1, 2021. The certificate, permit, and license fees
17 established by commission rule apply only to an original or renewal
18 certificate, permit, or license issued on or after September 1,
19 2021. This subsection takes effect September 1, 2019.

20 (b) Effective September 1, 2021, the following provisions
21 of the Alcoholic Beverage Code establishing the amount of a fee are
22 repealed:

- 23 (1) Section 14.02;
24 (2) Section 16.02;
25 (3) Section 19.02;
26 (4) Section 20.02;
27 (5) Section 22.02;

- 1 (6) Section 23.02;
- 2 (7) Section 24.02;
- 3 (8) Section 25.02;
- 4 (9) Section 26.02;
- 5 (10) Section 28.02;
- 6 (11) Section 32.02;
- 7 (12) Section 37.02;
- 8 (13) Section 38.04;
- 9 (14) Section 41.02;
- 10 (15) Section 43.02;
- 11 (16) Section 46.02;
- 12 (17) Section 50.002;
- 13 (18) Section 51.05;
- 14 (19) Section 54.04;
- 15 (20) Section 55.02;
- 16 (21) Section 56.03;
- 17 (22) Section 62.02;
- 18 (23) Section 62A.03;
- 19 (24) Section 63.02;
- 20 (25) Section 64.02;
- 21 (26) Section 66.02;
- 22 (27) Section 69.02;
- 23 (28) Section 69.03;
- 24 (29) Section 71.02; and
- 25 (30) Section 74.02.

26 SECTION 410. (a) Effective September 1, 2021, the
27 following provisions of the Alcoholic Beverage Code are repealed:

- 1 (1) Chapters 12, 12A, 13, 17, 27, 31, 33, 34, 42, 44,
- 2 45, 48A, 52, 53, 67, 68, 70, and 72;
- 3 (2) Subchapter B, Chapter 201;
- 4 (3) Section 1.04(12);
- 5 (4) Section 19.05;
- 6 (5) Section 20.03;
- 7 (6) Section 22.06(b);
- 8 (7) Section 22.07;
- 9 (8) Section 24.05(b);
- 10 (9) Section 24.06;
- 11 (10) Section 25.03;
- 12 (11) Section 28.13;
- 13 (12) Section 37.04;
- 14 (13) Section 43.07;
- 15 (14) Section 51.01;
- 16 (15) Section 62.06;
- 17 (16) Section 71.03; and
- 18 (17) Section 107.07(d).

19 (b) Effective September 1, 2021, Section 151.461(3), Tax
20 Code, is repealed.

21 SECTION 411. (a) Effective December 31, 2020, the
22 following provisions of the Alcoholic Beverage Code relating to the
23 permit and license application and protest process are repealed:

- 24 (1) Section 5.435;
- 25 (2) Section 5.46;
- 26 (3) Section 11.41;
- 27 (4) Section 25.051;

- 1 (5) Section 25.052;
- 2 (6) Section 26.06;
- 3 (7) Section 26.07;
- 4 (8) Section 61.311;
- 5 (9) Section 61.312;
- 6 (10) Section 61.32;
- 7 (11) Section 61.33;
- 8 (12) Sections 61.34(a) and (b);
- 9 (13) Section 61.39;
- 10 (14) Section 61.47; and
- 11 (15) Section 69.05.

12 (b) Effective December 31, 2020, the following provisions
13 of the Government Code are repealed:

- 14 (1) Section 101.121; and
- 15 (2) Section 411.120.

16 SECTION 412. (a) The changes in law made by this Act do not
17 affect the validity of a disciplinary action or other proceeding
18 that was initiated before the effective date of this Act and that is
19 pending on the effective date of this Act. A disciplinary action
20 that is pending on the effective date of this Act is governed by the
21 law in effect on the date the action was taken, and the former law is
22 continued in effect for that purpose.

23 (b) The repeal of a law by this Act does not entitle a person
24 to a refund of a certificate, permit, or license fee paid by the
25 person before the effective date of this Act.

26 SECTION 413. On September 1, 2021, the Texas Alcoholic
27 Beverage Commission shall convert any existing permits issued under

1 Chapter 12, 12A, or 13, Alcoholic Beverage Code, to the
2 corresponding license under Chapter 62, 62A, or 63, Alcoholic
3 Beverage Code. The new license shall have the same expiration date
4 as the permit it is replacing.

5 SECTION 414. The holder of a permit who immediately before
6 the effective date of this Act was authorized under the permit to
7 purchase, sell, transport, or store ale and malt liquor, may, after
8 the effective date of the provisions of this Act changing
9 references to "beer," "ale," and "malt liquor" in the Alcoholic
10 Beverage Code to "malt beverages," continue to purchase, sell,
11 transport, or store ale and malt liquor under that permit until the
12 date the permit expires.

13 SECTION 415. (a) Effective September 1, 2019,
14 notwithstanding the repeal by this section of Chapters 18 and 21,
15 Alcoholic Beverage Code, a person holding a permit issued under
16 Chapter 18 or 21, Alcoholic Beverage Code, on August 31, 2019, may
17 continue to operate under that permit until the date the permit
18 expires and Chapters 18 and 21, Alcoholic Beverage Code, remain in
19 effect for those purposes.

20 (b) Effective September 1, 2019, the following provisions
21 of the Alcoholic Beverage Code are repealed:

- 22 (1) Chapters 18, 21, 47, 49, 65, and 75;
- 23 (2) Section 5.05(b);
- 24 (3) Section 5.61;
- 25 (4) Section 15.02;
- 26 (5) Section 15.03;
- 27 (6) Section 15.06;

- 1 (7) Section 25.03(a);
- 2 (8) Section 35.02;
- 3 (9) Section 35.03;
- 4 (10) Section 35.04;
- 5 (11) Section 35.08;
- 6 (12) Section 36.02;
- 7 (13) Section 36.03;
- 8 (14) Section 36.09;
- 9 (15) Section 38.02;
- 10 (16) Section 38.03;
- 11 (17) Section 62.13;
- 12 (18) Sections 73.02, 73.03, 73.04, 73.05, 73.06,
- 13 73.07, 73.08, 73.09, 73.10, and 73.11;
- 14 (19) Section 74.10;
- 15 (20) Sections 108.52(d), (f), and (h); and
- 16 (21) Section 204.06.

17 SECTION 416. Sections 11.37 and 61.37, Alcoholic Beverage
18 Code, as amended by this Act, apply only to an application for a
19 permit or license received on or after the effective date of this
20 Act. An application for a permit or license received before the
21 effective date of this Act is governed by the law in effect
22 immediately before the effective date of this Act, and that law is
23 continued in effect for that purpose.

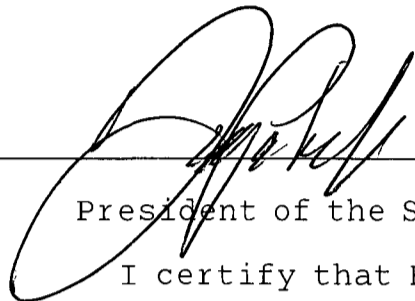
24 SECTION 417. (a) Section 101.6701, Alcoholic Beverage
25 Code, as added by this Act, effective September 1, 2019, applies
26 only to the sale of malt beverages on or after September 1, 2019.
27 The sale of malt beverages before September 1, 2019, is governed by

1 the law as it existed immediately before that date, and that law is
2 continued in effect for that purpose.

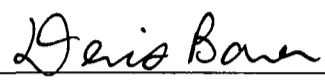
3 (b) Section 101.6701, Alcoholic Beverage Code, as added by
4 this Act, effective September 1, 2021, applies only to the sale of
5 malt beverages on or after September 1, 2021. The sale of malt
6 beverages before September 1, 2021, is governed by the law as it
7 existed immediately before that date, and that law is continued in
8 effect for that purpose.

9 SECTION 418. Except as otherwise provided by this Act, this
10 Act takes effect September 1, 2021.

H.B. No. 1545

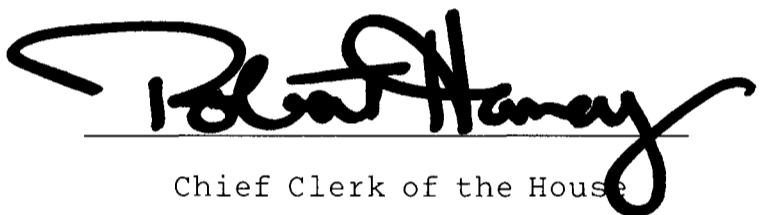


President of the Senate



Speaker of the House

I certify that H.B. No. 1545 was passed by the House on April 26, 2019, by the following vote: Yeas 137, Nays 1, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1545 on May 24, 2019, by the following vote: Yeas 140, Nays 0, 2 present, not voting.




Chief Clerk of the House

I certify that H.B. No. 1545 was passed by the Senate, with amendments, on May 22, 2019, by the following vote: Yeas 31, Nays 0.

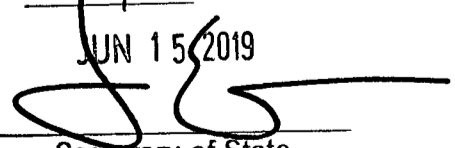


Secretary of the Senate

APPROVED: 6-14-2019

Date


Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
4:45 pm O'CLOCK
JUN 15 2019


Secretary of State