

SUBJECT: Allowing wine and beer retailers to deliver wine to customers

COMMITTEE: Licensing and Administrative Procedures — favorable, without amendment

VOTE: 7 ayes — T. King, Geren, Guillen, Harless, Hernandez, Kuempel, Paddie

0 nays

4 absent — Goldman, Herrero, K. King, S. Thompson

SENATE VOTE: On final passage, April 11 — 30-1 (Perry), on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 2296:*

For — Dya Campos, H-E-B; (*Registered, but did not testify:* Ray Sullivan, Amazon/Whole Foods Market; Russell Withers, Texas Conservative Coalition; Rick Donley, The Beer Alliance of Texas; Tyler Rudd, Wine Institute)

Against — None

On — (*Registered, but did not testify:* Thomas Graham and Bentley Nettles, Texas Alcoholic Beverage Commission)

BACKGROUND: Alcoholic Beverage Code sec. 43.03 prohibits any person from transporting liquor for hire inside a city or town unless that person holds a local cartage permit. Sec. 43.04 allows the Texas Alcoholic Beverage Commission to issue local cartage permits to warehouses or transfer companies or to holders of package store, wine-only package store, or local distributor's permits.

Sec. 22.03(a) allows holders of package store permits or wine-only package store permits issued for a location within a city or town or within two miles of the corporate limits of a city or town, who also hold local cartage permits, to make deliveries of and collections for alcoholic

beverages off the premises in areas where the sale of the beverages is legal.

Sec. 61.06 allows persons licensed to sell beer to deliver and collect beer off the licensed premises in areas where the sale of beer is legal, but only in response to orders placed by the customer in person at the licensed premises or by mail or telephone to the licensed premises.

DIGEST: SB 1232 would allow the Texas Alcoholic Beverage Commission to issue local cartage permits to permitted wine and beer retailers. Permitted wine and beer retailers that also held a cartage permit could make deliveries to and collections from ultimate consumers under Alcoholic Beverage Code sec. 22.03.

The bill would not authorize the holder of a brewpub license to deliver alcoholic beverages directly to ultimate consumers for off-premise consumption at a location other than the licensed premise.

The bill would take effect September 1, 2019.

SUPPORTERS SAY: SB 1232 would level the playing field in the Texas alcoholic beverage industry with regard to delivery services. Under current law, certain grocery store cafes that hold a wine and beer retailer's permit to allow on-site consumption can provide delivery services for beer to consumers. By expanding the authority of permitted wine and beer retailers to apply for a local cartage permit that would allow for the delivery of wine and malt beverages as well as beer, the bill would support Texas businesses and extend the same statutory permissions to wine and beer retailer permit holders as other similar alcoholic beverage permit holders.

Because the delivery of wine already is allowed under other permits, the bill would not significantly expand access to alcohol delivery, but simply extend the same permissions allowed under package store and local distributor permits to certain grocery stores. All current statutory training, safety, and education requirements in place to prohibit alcohol sales to underage and intoxicated persons would still apply under the bill.

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OPPONENTS SAY: SB 1232 could allow greater access to alcohol delivery, which could make alcohol more accessible and result in more alcohol-related problems. The bill also could increase the likelihood of sales to persons under 21 and persons that were already intoxicated.