

May 1, 2015

TO: WBDT Members

FROM: Doug Davis

SUBJ: Legislative Update

31 Days Remaining in the Session: This is the part of the Legislative Session where the landscape of bills that have a chance of passing (and those that do not) really starts to take shape. By now, those bills that have a chance are already moving along. Those that are in legislative quicksand are sinking quicker and quicker. From that perspective, beer has fared relatively well so far; no code red alerts. This is also the time when ambush and surprise attacks become the tactic of last resort. WBDT staff has identified the potential bills that amendments affecting your interests could be tacked onto. Staff and your contract lobbyists occupy every nook and cranny of the building, strategizing over the legislative chessboard. This week's field report is positive.

The Senate completed its "advice and consent" function, and formally confirmed Ida Louise Clement Steen as commissioner to the TABC. You will recall that she was appointed by Governor Perry last summer, replacing Melinda Fredericks. Commissioner Steen's term expires in November 2019.

The House Licensing and Administrative Procedures Committee met on Monday, with a long list of bills before a committee of generally disinterested members. The committee took testimony on HB 2118 (Rep. Raymond, D—Laredo). HB 2118 would allow prepaid alcohol vending machines at certain retail establishments. The California-based owner of the company that stands to profit from HB 2118 made a sales pitch to the committee. Our best guess is that he will be returning in two years with a new variant on the same, tired theme. The committee saw fit to leave the bill pending, along with the rest of the agenda. Next week's agenda is light and should be uneventful.

HB 688, Vice Chairman Roland Gutierrez's (D--San Antonio) bill to increase the number of TABC commissioners from 3 to 5 members remains in the Calendars committee. Staff continues to remind the Calendars committee of the bill's flaws.

Yesterday, the Senate passed SB 326 (Sen. Estes, R—Wichita Falls), expanding the number of gallons of wine that a winery can sell for off-premise consumption from 35,000 gallons

to 180,000 gallons/year. The House has a different perspective on the bill's importance. Your package store and liquor wholesaler colleagues continue to work on language to make the bill better.

The Senate Business and Commerce Committee passed out a new SB 1652 (Chmn. Eltife, R—Tyler), allowing brewpubs to sell to out-of-state wholesalers and distributors. While the bill is unnecessary, the new language cures the legal problems that were in the originally filed bill. The bill still must pass the full Senate before the House gets a chance to weigh in. The Committee heard SB 1603 (Sen. Huffines, R—Dallas), relating to “out of county” storage of malt beverages by craft brewers. WBDT staff believes this bill is unsalvageable. It was left pending.

The De Minimis/“Cross-tier” ownership bill SB 1198 (Chmn. Eltife, R—Tyler) and the bill allowing Wal-Mart to sell hard liquor (SB 609: Sen. Kelly Hancock, R—North Richland Hills) were also left pending. Business and Commerce Committee is scheduled to meet next Tuesday, but none of the bills posted on the agenda have any negative impact on your businesses. Next Tuesday, the House Committee on Environmental Regulation holds its obligatory hearing on this session's "bottle tax" bill (HB 2425: Rep. Rodriguez, D--Austin). This bill will be opposed by most every business group and trade association, including yours. Staff comfortably handicaps the bill's passage as well-below doubtful.

WBDT staff will continue to keep you apprised of developments in Austin. If you need any assistance, please call Tom, Doug, or Charlie.



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