ALCOHOLIC BEVERAGE CODE

TITLE 3. LICENSES AND PERMITS

SUBTITLE A. PERMITS

CHAPTER 14. DISTILLER'S AND RECTIFIER'S PERMIT

Sec. 14.01. AUTHORIZED ACTIVITIES. (a) The holder of a distiller's and rectifier's permit may:

(1) manufacture distilled spirits;

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

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

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

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

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

(7) dispense free distilled spirits for consumption on the permitted premises under Section 14.04 or at a temporary event under Section 14.09;

(8) sell bulk alcohol produced by the permit holder for purposes described by Section 38.01; and

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

(b) The privileges granted to a distiller and rectifier are confined strictly to distilled spirits and wines manufactured and rectified under his permit.

(c) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 106, Sec. 6, eff. September 1, 2013.

Acts 1977, 65th Leg., p. 415, ch. 194, Sec. 1, eff. Sept. 1, 1977.

Amended by Acts 1983, 68th Leg., p. 1342, ch. 278, Sec. 5, eff. Sept. 1, 1983.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 31 (H.B. 1974), Sec. 1, eff.

May 13, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 106 (S.B. 905), Sec. 1, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 106 (S.B. 905), Sec. 6, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 195 (S.B. 642), Sec. 1, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1171 (S.B. 652), Sec. 1, eff. September 1, 2013.

Acts 2015, 84th Leg., R.S., Ch. 611 (S.B. 808), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 2.002, eff. September 1, 2015.

Acts 2019, 86th Leg., R.S., Ch. 1359 (H.B. 1545), Sec. 58, eff. September 1, 2019.

Acts 2023, 88th Leg., R.S., Ch. 26 (S.B. 1375), Sec. 1, eff. September 1, 2023.

Sec. 14.03. CONTINUANCE OF OPERATION AFTER LOCAL OPTION ELECTION. The right of a distiller's and rectifier's permittee to continue in operation after a prohibitory local option election is covered by Section 251.76 of this code.

Acts 1977, 65th Leg., p. 415, ch. 194, Sec. 1, eff. Sept. 1, 1977.
Amended by Acts 1983, 68th Leg., p. 1342, ch. 278, Sec. 5, eff. Sept. 1, 1983.

Sec. 14.04. DISTILLED SPIRITS SAMPLING. (a) The holder of a distiller's and rectifier's permit may conduct distilled spirits samplings on the permitted premises. The permit holder may:

(1) dispense free samples; or

(2) if the permitted premises is located in an area where the sale of alcoholic beverages is legal as provided by a ballot issue approved by the voters under Section 501.035(b)(7), (8), or (9), Election Code, collect a fee for the sampling.

(b) A sampling event authorized by this section may not be advertised except by on-site communication or by direct mail.

(c) A person other than the holder of a permit or the

holder's agent or employee may not dispense or participate in the dispensing of distilled spirits under this section.

(d) A person authorized to dispense distilled spirits under this section may not:

(1) serve a person more than one sample of each brand of distilled spirits being served at a sampling event; or

(2) serve a sample to a minor or to an obviously intoxicated person.

(e) Sample portions served at a distilled spirits sampling event may not exceed one-half ounce.

(f) A person who receives a sample may not remove the sample from the permitted premises.

(g) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 106, Sec. 6, eff. September 1, 2013.

Added by Acts 2009, 81st Leg., R.S., Ch. 31 (H.B. 1974), Sec. 2, eff. May 13, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 106 (S.B. 905), Sec. 2, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 106 (S.B. 905), Sec. 6, eff. September 1, 2013.

Acts 2015, 84th Leg., R.S., Ch. 611 (S.B. 808), Sec. 2, eff. September 1, 2015.

Sec. 14.05. SALES TO ULTIMATE CONSUMERS. (a) The holder of a distiller's and rectifier's permit whose permitted premises is located in an area where the sale of alcoholic beverages is legal as provided by a ballot issue approved by the voters under Section 501.035(b)(7), (8), or (9), Election Code, may sell to ultimate consumers for consumption on the permitted premises distilled spirits manufactured or rectified by the permit holder in an amount not to exceed 3,000 gallons annually.

(b) The holder of a distiller's and rectifier's permit may sell distilled spirits manufactured by the permit holder to ultimate consumers for off-premises consumption in unbroken packages containing not more than 750 milliliters of distilled spirits for off-premises consumption in an amount not to exceed

3,500 gallons annually if:

(1) for a permit issued on or after September 1, 2013, the permitted premises is located in an area where the sale of alcoholic beverages is legal as provided by a ballot issue approved by the voters under Section 501.035(b)(5), (6), or (7), Election Code; or

(2) for a permit issued before September 1, 2013, the permitted premises is located in an area where the sale of alcoholic beverages is legal as provided by a ballot issue approved by the voters under Section 501.035(b)(5), (6), (7), (8), or (9), Election Code.

(c) The holder of a distiller's and rectifier's permit may not under Subsection (b) sell more than four 750 milliliter bottles of distilled spirits or the equivalent to the same consumer within a 30-day period.

(d) A sale under Subsection (b):

(1) may be made only to an individual who is physically present at the permit holder's premises; and

(2) must be delivered to the purchaser in person during the purchaser's visit.

(e) A person may not make a purchase under Subsection (b) as an agent for another person.

(f) The permit holder must keep records of sales in a manner that enables the permit holder to comply with this section.

(g) A bottle of distilled spirits sold on the permit holder's premises under Subsection (b) must bear a notice affixed to the bottle that:

(1) does not obscure the label approved by the Alcohol and Tobacco Tax and Trade Bureau;

(2) states that the bottle is commemorative;

(3) states the month and year the bottle is sold; and

(4) is signed by an agent of the permit holder.

Added by Acts 2013, 83rd Leg., R.S., Ch. 106 (S.B. 905), Sec. 3, eff. September 1, 2013.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 611 (S.B. 808), Sec. 3, eff. September 1, 2015.

Acts 2023, 88th Leg., R.S., Ch. 41 (S.B. 2284), Sec. 1, eff. September 1, 2023.

Sec. 14.06. REPORT OF CERTAIN SALES. A holder of a distiller's and rectifier's permit who sells distilled spirits under Section 14.01(a)(8) shall keep records of those sales in a manner prescribed by the commission or administrator.

Added by Acts 2013, 83rd Leg., R.S., Ch. 195 (S.B. 642), Sec. 2, eff. September 1, 2013.

Redesignated from Alcoholic Beverage Code, Section 14.05 by Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 21.001(2), eff. September 1, 2015.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1359 (H.B. 1545), Sec. 59, eff. September 1, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

(e) Distilled spirits may legally be transported by the holder of the distiller's and rectifier's permit or the permit holder's agent or employee to a retail premises for the purpose of providing a sample or a tasting under this section.

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 792 (H.B. 1997), Sec. 1, eff. September 1, 2019.

Sec. 14.071. TRANSPORTING LIQUOR. (a) The holder of a distiller's and rectifier's permit may transport liquor, if the transportation is for a lawful purpose, from:

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

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

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

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

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

(2) any other information the commission requires.

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

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

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

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

Added by Acts 2019, 86th Leg., R.S., Ch. 1359 (H.B. 1545), Sec. 60, eff. September 1, 2021.

Redesignated from Alcoholic Beverage Code, Section 14.07 by Acts 2021, 87th Leg., R.S., Ch. 915 (H.B. 3607), Sec. 21.001(1), eff. September 1, 2021.

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

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

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

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

(B) private warehouse that is:

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

(ii) operated by the permit holder.

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

Added by Acts 2019, 86th Leg., R.S., Ch. 1359 (H.B. 1545), Sec. 61, eff. September 1, 2021.

Sec. 14.09. DISTILLED SPIRITS SAMPLING AT TEMPORARY EVENT. (a) The holder of a distiller's and rectifier's permit may conduct

distilled spirits samplings or tastings at a civic or distilled spirits festival, farmers' market, celebration, or similar event.

(b) The distilled spirits provided as a sample or at a tasting under Subsection (a) must be manufactured by the holder of the distiller's and rectifier's permit.

(c) Sample portions served at a distilled spirits sampling or tasting under Subsection (a) may not exceed one-half ounce.

(d) A person who receives a sample may not remove the sample from the event premises.

(e) Distilled spirits may legally be transported by the holder of the distiller's and rectifier's permit or the permit holder's agent or employee to the temporary event for the purpose of providing a sample or a tasting under this section.

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

(g) The commission shall adopt rules to implement this section, including rules that:

(1) establish a procedure to verify the wet or dry status of the location where the permit holder intends to temporarily sample or taste distilled spirits under this section;

(2) detail the circumstances when a permit holder may temporarily sample distilled spirits under this section with just a notification to the commission and the circumstances that require the commission's preapproval before a permit holder may temporarily sample distilled spirits under this section; and

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

Added by Acts 2023, 88th Leg., R.S., Ch. 26 (S.B. 1375), Sec. 2, eff. September 1, 2023.

Sec. 14.10. OPERATING AGREEMENTS BETWEEN PERMIT HOLDERS. (a) The holder of a distiller's and rectifier's permit may enter into an agreement with another holder of a distiller's and rectifier's permit that allows the distiller's and rectifier's permit holder to engage in the following activities on the

permitted premises of the other distiller's and rectifier's permit holder:

(1) manufacture distilled spirits;

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

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

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

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

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

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

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

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

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

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

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

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

(e) The commission shall adopt rules regulating the shared

use of the permitted premises under this section to ensure administrative accountability of each permit holder and a strict separation between the businesses and operations of the permit holders.

Added by Acts 2023, 88th Leg., R.S., Ch. 10 (S.B. 60), Sec. 1, eff. September 1, 2023.