

From: [Sunset Advisory Commission](#)
To: [Brittany Calame](#)
Subject: FW: Public Input Form for Agencies Under Review (Public/After Publication)
Date: Thursday, December 13, 2018 7:22:54 AM

-----Original Message-----

From: sunset@sunset.texas.gov <sunset@sunset.texas.gov> On Behalf Of Texas Sunset Commission
Sent: Thursday, December 13, 2018 2:16 AM
To: Sunset Advisory Commission <Sunset@sunset.texas.gov>
Subject: Public Input Form for Agencies Under Review (Public/After Publication)

Agency: TEXAS ALCOHOLIC BEVERAGE COMMISSION TABC

First Name: Jason

Last Name: Justice

Title: Mr.

Organization you are affiliated with: Distiller Brewer & Vintner Network

Email:

City: Sinton

State: Texas

Your Comments About the Staff Report, Including Recommendations Supported or Opposed: The vast majority of the staff report deals with Package Store issues, package stores already have an unreasonable advantage over all other industry members in the state of Texas in terms of buying power and market placement. Otherwise the easing of restrictions on outdoor advertising are a positive outcome for other industry members not just package stores.

Any Alternative or New Recommendations on This Agency:

Uniform practices between wine beer and Liquor manufacturers. At this time Distilleries can buy bulk wine from wineries for Spirits but not bulk beer from breweries for whiskey. Breweries throw away on average 15% of what they begin manufacturing and this substandard beer can be purchased by Distilleries or even malting and brewing contracts made between Brewers and Distillers increasing commerce and creating revenue streams from what is otherwise waste. This opens new business models as Distillers can outsource fermentation to breweries and make Texas products in Texas rather than buying bulk alcohol from out of state and bottling it.

Package stores are overpowered in terms of market positioning. They restrict sales at their leisure due to convoluted distribution laws which for whatever reason do not apply to beer and wine distribution but only to Liquor. Allow distributors to sell Liquor products to authorized permit holders like bars restaurants and hotels that package stores often hold hostage or refuse to fulfil orders for due to low volume or other brand preferences.

Consumers cannot access Liquor products as easily as beer and wine products even upon request package stores often deny or restrict the customer and distributor the sale. Provide existing or special tax stamps to distributors even if to provide sample bottles or tasting bottles to bars restaurants or hotels at a minimum. Consumers should not be denied their request of legally licensed and approved products in the state of Texas when the logistical and legislative means exist to facilitate their purchase - only to be exploited for the benefit or discretion of one permit holder over another with no alternate means of fulfilling consumer demand.

Texas manufacturing and distribution sectors are not favorable for small businesses due to the immense advantage of package store permits and non-uniform treatment of alcohol products in the marketplace due to archaic legislation. Easing of these restrictions or providing some egress to get product to market without the requirement of the package store to facilitate sales to authorized permit holders such as bars restaurants and hotels while taxing products the same as package store distribution will increase the number of taxable alcohol sales in the state of Texas. \$1.29 Billion alcohol sales were taxed in 2017, making up 1.1% of state tax revenue; if these restrictions are eased not only will there be substantial growth in Alcoholic manufacturing businesses and distribution businesses but a doubling of taxable alcohol sales moving closer to 2% of state tax revenue in no less than two years. Whether this allowance for distribution is an additional permit or extension of the existing tax stamp system or combination thereof is best determined by the commission it is an absolute need if Texas is to take advantage of a growing industry. There was a noticeable increase in taxed alcohol sales and tax revenue when Distilleries were allowed to sell 2 bottles in a 30 day period starting in September 2015, this would be a much more substantial increase noticeable within as little as 180 days as existing distribution will begin fulfilling consumer demand and new businesses specializing in this type of distribution will be created to fill a need that has been missing for so long.

Equal treatment of the sales of beer, wine and spirits and the ability of manufacturers to sell bulk ingredients to one another for fortification, rectification or distillation will bring Texas alcohol law on the same playing field as states such as Colorado, California, Wyoming, Florida, Vermont, Massachusetts, Ohio, Indiana, Kentucky, Illinois, Alabama, Pennsylvania and Tennessee where combination winery/brewery, winery/distillery, and brewery/distillery type businesses are permitted. This would also assist with facilitating distribution previously mentioned.

My Comment Will Be Made Public: I agree