

New Laws Aim to Level the Playing Field for Texas Distillers

- by David Maly
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Enlarge photo by: Afshin Darian

Gov. Rick Perry on Monday declared September “Texas Craft Spirits Month” as the state begins to implement new laws that give distillers more freedom to produce and sell in the state.

“I think that the main benefit of this is making sure that we have got a solid framework for our distilled craft industry to grow,” state Sen. Leticia Van de Putte, D-San Antonio, who co-sponsored four new laws that affect Texas distillers, said during a Monday press conference.

Van de Putte said the new laws put Texas in line with other states that have more relaxed distilled spirits laws, paving the way for Texas to quickly gain national traction in the industry. Distilled spirits include alcoholic beverages such as vodka, gin, tequila and rum. In Texas, distilling is a growing industry with companies like Treaty Oak producing rum and Deep Eddy Vodka making the drink named for one of Austin’s famous swimming holes.

“For the longest time, Kentucky and Tennessee have been the states that have had bragging rights on distilled spirits,” Van de Putte said.

Much of the new legislation seeks to put Texas distillers on a level playing field with other states, giving them more options to produce and sell. Under one bill co-sponsored by Van de Putte and state Rep. Ryan Guillen, D-Rio Grande City, Texas distillers can now buy beer and other liquor used in the making of spirits from other Texas distillers. Another bill by Van de Putte and Guillen allows distillers to solicit and take orders from wholesalers — something only out-of-state distilleries could do previously — and lets companies conduct product samplings at their distilleries with a specific permit to do so.

Daniel Barnes, president and cofounder of the Texas Distilled Spirits Association, said the new legislation would help the industry grow because consumers can now sample the products at the distilleries where they are made and talk to the experts who make them.

“They’ll be able to not only appreciate the craft spirit, but get to know us and get to know how to use craft spirits,” Barnes said.

Senate Bill 642, co-sponsored by Van de Putte and state Rep. John Kuempel, R-Seguin, allows companies that are licensed to package and sell food to buy distilled spirits directly from the manufacturer, saving them the cost of retailer markup.

Barnes said that the new laws would make production easier for distillers, but consumers won’t likely see a change in price.

“I think that we already have a pretty competitive craft market, and a lot of the prices have already been somewhat set,” Barnes said.

He said consumers would see the most noticeable change from Senate Bill 905, which will allow Texans to buy products directly from distillers.

Under the new law, Texas distillers can sell their products directly to consumers, with some restrictions on quantity. Previously, distillers could only sell through a three-tier system in which they sold to distributors, which sold to retailers, which sold to consumers.

Barnes said the distilled spirits industry is an emerging market, gaining most of its traction over the past few years, and he hopes the new laws will boost Texas to a national level.

“I think that you are going to start seeing a national awareness of Texas as a hotbed for distilled spirits,” Barnes said.