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MARKETING PRACTICES ADVISORY - MPA058

Self-Pour Systems

To: Alcoholic Beverage Industry

This Advisory addresses the question of whether a retailer may lawfully operate self-pour systems that allow customers to pour their own drinks. Under certain conditions described below, this practice is allowed.

What is a self-pour system?

Currently, these systems come in two basic configurations. A tabletop pour system is attached to customer tables, and allows customers direct access while seated at the table to pour their own drinks from beer taps or wine bottles located at the tabletop system. A wall pour system is a centralized location of wall-mounted taps or wine bottles. These systems allow customers to walk up and pour their own drinks from any of the available taps.

Both formats operate under point-of-sale (POS) systems that allow the customer to purchase a preset amount of alcohol from the permittee that can then be used for different units of alcohol (e.g., the customer can purchase five ounces of wine in order to sample a single ounce of five different wines).

The Alcoholic Beverage Code (Code) allows for self-pour systems.

A single Code provision deals directly with consumer-operated alcohol service. Section 51.09 of the Code prohibits a retailer from utilizing a "coin-operated machine or similar device operated by the consumer." This section does not apply to self-service pour machines for two reasons.

- First, this section is housed within Chapter 51: Minibar Permit, which is limited to hotels that have a Mixed Beverage Permit. The presumed purpose of Section 51.09 was to prevent a hotel from placing vending machines that dispense alcohol. Self-pour machines can be used at any on-premise establishment, and are not unique to hotels.
- Second, the self-pour systems are not "coin-operated" or "similar," which we interpret to mean those that accept dollar bills or credit card swipes.

The key feature that makes self-pour systems legal is that they require oversight by the permit holder. The actual alcoholic beverage *sale* occurs directly between the customer and the permittee. The device is not operated in a vacuum – without the approved sale by the permittee, the customer cannot self-pour a drink.

P.O. Box 13127 ★ Austin, Texas 78711-3127 ★ (512) 206-3333 ★ www.tabc.texas.gov

Under what circumstances can a permittee operate self-pour machines? The permittee needs to follow certain protocols:

- The self-pour machines must be located in an open area of the establishment, and not hidden out of sight.
- The actual sale of the alcoholic beverages must be conducted by the permittee directly with the customer, and cannot be automated at the machine.

Each order made by the customer cannot exceed two servings of alcoholic beverages. A single serving of malt beverage is 16 ounces. A single serving of wine is 5 ounces. The permittee is responsible for determining that the customer is at least 21 years old and is not intoxicated both at the initial order and each subsequent order.

Please note that Sections 102.07 and 102.14 of the Code prohibit an upper-tier member from selling, providing, or giving equipment to a retailer, either directly or indirectly. This includes self-pour systems.

This Advisory is issued pursuant to Alcoholic Beverage Code §5.57. It represents the opinion is of the staff of the Commission. We hope this opinion will assist you in your endeavors. If you would like additional information or have questions regarding this Advisory, you may contact me in writing at P.O. Box 13127, Austin, TX 78711, by email at <u>advisories@tabc.texas.gov</u>, by phone at 512-206-3411 or by facsimile at 512-206-3321.

Sincerely,

Thomas Graham Director of Tax & Marketing Practices