

## **BILL ANALYSIS**

H.B. 2064  
By: Goolsby  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Many fraternal organizations in Texas have been issued a Private Club Alcoholic Beverage Permit by the Texas Alcoholic Beverage Commission under provisions of the Alcoholic Beverage Code that exempts such organizations from payment of fees. However, the present statute is unclear as to the status of persons being served alcoholic beverages under the permit. For instance, if all members of the fraternal organization would be considered to be members of the club and therefore eligible to be served an alcoholic beverage, some of those persons might not be of legal age for consumption or might be of a persuasion, clergy for instance, that avoids involved in an organization that serves alcoholic beverages.

Fraternal organizations also sometimes stage events that are open to the public and it is unclear whether a nonmember of that fraternal organization has to become a member in order to enjoy the privileges of the club.

H.B. 2064 would clarify those questions: members of the club entity would be added and dropped independently from the exempt fraternal organization. By administrative rule, the club membership committee must have the power to terminate a membership which would not extend to termination in the fraternal organization. The rules of the club should be distinct and separate from the governing rule of the fraternal or veterans organization.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Section 32.11, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsection (e) to read as follows:

(b) Provides that the permit fee imposed by Section 32.02 and the provisions of Sections 32.03 and 32.10 requiring regular food service and prohibiting guests from paying in cash do not apply to a private club established by a fraternal or veterans organization. Provides that the private club, rather than organizations, is also exempt from Sections 32.05 and 32.06, and authorizes the members of the club to use any club funds owned by them jointly, including revenue from the service of alcoholic beverages, to replenish their joint stock of alcoholic beverages.

(e) Provides that a fraternal or veterans organization that holds a permit under this chapter and the private club established under that permit are considered separate entities for the purposes of determining compliance with and enforcing this code. Requires the fraternal or veterans organization to establish a membership committee for the permitted entity for the purposes of Sections 32.03(c) and (d). Provides that membership in the private club is governed by this code. Provides that membership in the fraternal or veterans organization is not subject to the requirements of this code.

SECTION 2. Effective date: Immediately, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

### **EFFECTIVE DATE**

H.B. 2064 79(R)

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