

## **BILL ANALYSIS**

C.S.H.B. 2526  
By: Flores  
Licensing & Administrative Procedures  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Many provisions currently in law are not necessary and place burdensome requirements on industry promotional activities that are widely accepted in today's marketplace.

C.S.H.B. 2526 would modernize and update several marketing practices by creating a promotional permit and authorizing certain promotional activities.

### **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.

### **SECTION BY SECTION ANALYSIS**

Amends Subtitle A, Title 3, Alcoholic Beverage Code, by adding Chapter 54, as follows:

#### CHAPTER 54. PROMOTIONAL PERMIT

Sec. 54.001. AUTHORIZED ACTIVITIES. Authorizes the holder of a promotional permit, on behalf of a distiller, brewer, rectifier, manufacturer, winery, or wine bottler with whom the promotional permit holder has entered into a contract for the purposes of this chapter, engaged in activities to promote and enhance the sale of an alcoholic beverage in this state, including activities that take place on the premises of the holder of a permit or license under this code.

Sec. 54.002. FEE. (a) Provides that the annual state fee for a promotional permit is \$300.

(b) Prohibits a local fee from being charged for the application or issuance of a promotional permit.

Sec. 54.003. PROHIBITED ACTIVITIES. Prohibits the holder of a promotional permit to hold an interest, directly or indirectly, in a permit or license issued under this code other than a contract to promote and enhance the sale of alcoholic beverages as authorized by this chapter.

SECTION 2. Effective date: September 1, 2005.

### **EFFECTIVE DATE**

September 1, 2005.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 2526 modifies the bill by removing language authorizing the holder of a promotional permit to assist a permit or license holder in the sale or service of alcoholic beverages on the premises of a permit or license holder.

The substitute modifies the bill by removing language requiring the holder of a promotional permit to ensure that each of the permit holder's employees who conduct activities authorized under this chapter attends a commission-approved seller training program.

C.S.H.B. 2526 79(R)

C.S.H.B. 2526 modifies the bill by removing language prohibiting the holder of a promotional permit from selling or offering to sell alcoholic beverages to a person under the age of 21.

C.S.H.B. 2526 modifies the bill by removing language authorizing a permittee covered by Subsection (a) to offer a rebate or refund on a product sold or offered for sale by the permittee if the rebate or refund is accomplished by mail or over the Internet. Removes language authorizing the commission to limit the amount of rebate or refund that may be offered, consistent with industry practices. Makes conforming changes.

The substitute modifies the bill by removing language that would have authorized a permittee to conduct certain sweepstakes.

C.S.H.B. 2526 modifies the bill by removing language that would have authorized a permit or license holder authorized to manufacture, rectify, bottle, or wholesale alcoholic beverages to advertise a promotional or sponsorship event to consumers; and include in the advertisement the name and address of a retailer at which the event is held if certain conditions are met. Removes language that provides that certain pictures or references to advertisements are not authorized by Subsection (b).

C.S.H.B. 2526 modifies the bill by removing language that would have authorized a holder of a nonresident seller's permit to supply a sample of liquor to a retail permittee who has not previously purchased that brand of liquor.

C.S.H.B. 2526 modifies the bill by removing the wholesaler and class B wholesaler from being represented by the promotional permit holder to engage in activities to promote and enhance the sale of alcoholic beverages in this state.

C.S.H.B. 2526 modifies the bill by removing language that would have repealed certain sections of the Alcoholic Beverage Code.