

By: Frost

H.B. No. 3026

A BILL TO BE ENTITLED

AN ACT

relating to financial responsibility requirements for certain persons licensed or permitted under the Alcoholic Beverage Code.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 11.11(e), Alcoholic Beverage Code, is amended to read as follows:

(e) A holder of a permit issued under this code who has held a permit for three years or more before the date the holder applied for renewal of the permit is not required to furnish a surety bond if the holder:

(1) has not had a license or permit issued under this code revoked in the five years before the date the holder applied for renewal of the permit; and

(2) ~~[is not the subject of a pending permit or license revocation proceeding; and~~

~~(3)]~~ has continuously operated on the permitted premises for three years or more before the date the holder applied for renewal of the permit.

SECTION 2. Subchapter A, Chapter 11, Alcoholic Beverage Code, is amended by adding Section 11.14 to read as follows:

Sec. 11.14. LIABILITY INSURANCE. (a) A person may not hold a permit allowing the person to sell alcoholic beverages for on-premises consumption, except a permit that is held in conjunction with a food and beverage certificate, unless the person

1 maintains a liability insurance policy:

2 (1) issued by an insurance company authorized to write
3 liability insurance in this state; and

4 (2) that will pay, on the person's behalf, amounts the
5 person becomes obligated to pay as damages arising out of the
6 operation of the permitted premises.

7 (b) The minimum amounts of insurance coverage required
8 under this section are:

9 (1) \$100,000 for each person to whom damages covered
10 by the policy are owed; and

11 (2) \$300,000 for each single occurrence giving rise to
12 damages covered by the policy.

13 (c) The commission shall adopt rules relating to:

14 (1) standards for the commission's approval of the
15 form of an insurance policy required under this section;

16 (2) the method for filing proof of insurance and
17 obtaining the commission's approval under this section; and

18 (3) verification by the commission of a permit
19 holder's continued maintenance of the required insurance coverage.

20 SECTION 3. Section 61.13(e), Alcoholic Beverage Code, is
21 amended to read as follows:

22 (e) A holder of a license issued under this code who has held
23 a permit for three years or more before the date the holder applied
24 for renewal of the license is not required to furnish a surety bond
25 if the holder:

26 (1) has not had a license or permit issued under this
27 code revoked in the five years before the date the holder applied

1 for renewal of the license; and

2 (2) [~~is not the subject of a pending permit or license~~
3 ~~revocation proceeding; and~~

4 [~~3~~] has continuously operated on the licensed
5 premises for three years or more before the date the holder applied
6 for renewal of the license.

7 SECTION 4. Subchapter A, Chapter 61, Alcoholic Beverage
8 Code, is amended by adding Section 61.16 to read as follows:

9 Sec. 61.16. LIABILITY INSURANCE. (a) A person may not hold
10 a license allowing the person to sell alcoholic beverages for
11 on-premises consumption, except a license that is held in
12 conjunction with a food and beverage certificate, unless the person
13 maintains a liability insurance policy:

14 (1) issued by an insurance company authorized to write
15 liability insurance in this state; and

16 (2) that will pay, on the person's behalf, amounts the
17 person becomes obligated to pay as damages arising out of the
18 operation of the licensed premises.

19 (b) The minimum amounts of insurance coverage required
20 under this section are:

21 (1) \$100,000 for each person to whom damages covered
22 by the policy are owed; and

23 (2) \$300,000 for each single occurrence giving rise to
24 damages covered by the policy.

25 (c) The commission shall adopt rules relating to:

26 (1) standards for the commission's approval of the
27 form of an insurance policy required under this section;

1 (2) the method for filing proof of insurance and
2 obtaining the commission's approval under this section; and

3 (3) verification by the commission of a license
4 holder's continued maintenance of the required insurance coverage.

5 SECTION 5. (a) The changes in law made by this Act apply to
6 a person who applies for a permit or license for the sale of
7 alcoholic beverages for on-premises consumption on or after January
8 1, 2008, and to a person who, on January 1, 2008, holds a permit or
9 license for the sale of alcoholic beverages for on-premises
10 consumption regardless of when the permit or license was issued.

11 (b) The Texas Alcoholic Beverage Commission shall adopt all
12 rules necessary to implement the changes made by this Act not later
13 than December 31, 2007.

14 SECTION 6. This Act takes effect September 1, 2007.