

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB2425** by Truitt (Relating to the continuation and functions of the Texas Alcoholic Beverage Commission; providing penalties.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Alcoholic Beverage Code as it relates to the continuation and functions of the Texas Alcoholic Beverage Commission (TABC).

The bill further defines the term “executive management” and continues TABC for 12 more years and changes the sunset date from September 1, 2007 to September 1, 2019.

Section 4 of the bill would require persons who are appointed to and that qualify for office as a member of the commission to complete a training program that provides certain information before the person can vote, deliberate, or be counted as a member in attendance at a meeting of the commission.

Sections 9, 10, 11, 12, and 13 of the bill would add duties to the commission such as 1) developing a risk-based approach to enforcement and compiling detailed statistics in order to analyze trends, 2) establishing a schedule of sanctions, 3) testing the contents of any alcoholic beverage manufactured or sold in the state to protect public health and safety, 4) providing procedures for complaint investigation and resolution, and 5) assigning priorities to complaint investigations based on risk and compiling detailed statistics related to complaints in order to analyze trends.

Section 14 of the bill would require TABC to expedite the processing of original and renewal applications for licenses and permits by using electronic means.

Section 15 of the bill would require TABC to develop a formal process for making policy decisions regarding marketing practices regulations and establish a marketing practices workgroup composed of industry members. TABC would be required to consider the workgroup's recommendations when deliberating policy. This section of the bill also creates an office of internal affairs in statute to ensure fair and impartial investigations of personnel complaints. The office of internal affairs would coordinate and be the central reporting point for all investigations of employee misconduct.

Sections 16 and 20 of the bill would require TABC to adopt rules that require establishments that sell alcohol for on-premise consumption to display a warning sign on the door to each restroom in order to inform the public of the risk of drinking alcohol during pregnancy.

Sections 21 and 26 of the bill would 1) allow beer manufacturers to submit product analysis from a federally certified laboratory that show a product's alcohol content, in lieu of TABC testing to determine alcohol content, and 2) require TABC to accept federal Alcohol and Tobacco Tax and Trade Bureau certificates of label approval for distilled spirits or wines. These sections also would authorize TABC to set fees sufficient to recover the cost of registering federal approvals and approving labels. Section 20 removes the product approval fee of \$25.

Section 26 of the bill would repeal Section 37.11 of the Alcoholic Beverage Code, which relates to the

submission of samples, labels, and container capacities for beer.

The bill would take effect September 1, 2007.

The Alcoholic Beverage Commission (TABC) determined that there would be no significant costs to the agency to implement the provisions of the bill. With the exception of the after hours enforcement authority, TABC has already begun implementing all of the provisions in this bill using its existing resources. It is assumed that modifications can be absorbed within existing resources.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 458 Alcoholic Beverage Commission

**LBB Staff:** JOB, JRO, GG, LG