

BILL ANALYSIS

C.S.H.B. 1505
By: Ortiz, Jr.
Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

City and county funded facilities, such as arenas and convention centers, are important sources of entertainment and economic development throughout Texas. Unfortunately, most of these facilities are not profitable, requiring taxpayer subsidies for their continuing operation.

Statutory provisions intended to prevent subterfuge ownership of or unlawful use of an alcoholic beverage license or permit, or the premises covered by such a license or permit, impose restrictions on the eligibility of a person or corporation to receive such license or permit and consequently hinder the ability of a city or county to negotiate for a larger percentage of revenues from alcohol sales concessions at such publicly owned and publicly financed facilities than the percentage allowed under current law.

C.S.H.B. 1505 establishes that certain alcoholic concession arrangements at a city or county owned facility that is financed with tax exempt public securities do not constitute subterfuge ownership, allowing a city or county to renegotiate for a larger percentage of alcohol sales revenue at such facilities, thereby reducing taxpayer losses at these facilities, and streamlines the bureaucratic process required when a city signs an alcohol concession agreement for such a facility, providing additional taxpayer savings in both administrative and legal costs.

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

C.S.H.B. 1505 amends the Alcoholic Beverage Code to specify that a provision relating to certain advertising and promotion activities in a public entertainment facility does not restrict or govern the promotion, sponsorship, or advertising of an entertainment event, or the promotion of an alcoholic beverage brand or product, at a facility owned by a municipality or county that is financed with public securities, the interest on which is exempt from federal income taxation. The bill establishes that financial arrangements, including profit sharing, between a concessionaire operating at such a facility and a person operating the concession facilities under a contract with the license or permit holder or the municipality or county does not constitute and is not evidence of subterfuge ownership prohibited by state law.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1505 adds a provision not in the original to specify that provisions relating to certain advertising and promotion activities in a public entertainment facility do not restrict or govern the promotion, sponsorship, or advertising of an entertainment event, or the promotion of an alcoholic beverage brand or product, at a facility owned by a municipality or county that is financed with public securities, the interest on which is exempt from federal income taxation. The substitute differs from the original by specifying that financial arrangements between a concessionaire operating at such a facility and a person operating the concession facilities under a contract with the license or permit holder or the municipality or county does not constitute and is not evidence of a subterfuge ownership, whereas the original specifies that state laws or a rule adopted by the Texas Alcoholic Beverage Commission prohibiting subterfuge ownership of an alcoholic beverage license or permit, or the premises covered by such a license or permit, do not apply to such a facility.