

## **BILL ANALYSIS**

H.B. 1623  
By: Hernandez  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In counties with a population of 1.4 million or more (currently only Harris, Dallas, and Tarrant Counties) the annual state fee for an original or renewal application for a wine and beer retailer's permit is \$750, or \$1,500 for a two-year permit issued after September 1, 2009. In addition, an original application fee of \$1,000 is required for a wine and beer retailer's permit. In these counties the requirements for an original or renewal application for a retail dealer's permit is the same as for a wine and beer retailer's permit. This is far more expensive than in other counties, where the annual state fee for a beer retailer's permit is \$175 or \$350 for a two-year permit issued after September 1, 2009, and the annual state fee for a retailer dealer's on-premise permit is \$150 or \$300 for a two-year permit issued after September 1, 2009, and neither permit has an application fee.

Currently, a person applying for a permit in these counties, other than an applicant whose primary business will be food service and who also holds a food and beverage certificate, is required to file a surety bond. This provision was added in 2005 to address public health and safety risks in large counties presented by beer and wine on-premise permit holders by discouraging repeat violations of the Alcoholic Beverage Code through cancellation of permits of repeat offenders. This surety bond is forfeited to the commission on the suspension of a permit for certain violations. A new bond in a higher amount must be provided before a permit may be reinstated. If a permit is suspended a third time, the bond is forfeited and the permit canceled.

Historically, veterans and fraternal organization permit holders have had a lower incidence of code violations and offenses resulting in suspension or cancellation, presenting a lower risk to the public health and safety. Despite this, veterans and fraternal organizations holding permits may neither operate during the same business hours nor charge members the same prices as a retail establishment. The alcoholic beverage sales for veterans and fraternal organizations therefore are generally less than for retail establishments.

The lower alcoholic beverage sales, abbreviated hours of operation, and reduced public safety risks of most veterans and fraternal organization permit holders justify exemption from the performance bond requirements.

H.B. 1623 exempts a fraternal organization or veterans organization from the requirement to file a surety bond with the Texas Alcoholic Beverage Commission when applying for a wine and beer retailer's permit or retail dealer's on-premise license for the on-premise consumption either of beer exclusively or of beer and wine exclusively.

### **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**

H.B. 1623 amends the Alcoholic Beverage Code to exempt a fraternal organization or veterans organization from the requirement to file a surety bond with the Texas Alcoholic Beverage Commission when applying for a wine and beer retailer's permit or retail dealer's on-premise license for the on-premise consumption either of beer exclusively or of beer and wine exclusively.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.