

## **BILL ANALYSIS**

C.S.H.B. 475  
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Defense & Veterans' Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

A post exchange on property under control of the United States armed forces sells consumer goods and services to military service members, including members serving on active duty and those in a reserve component of the armed forces, in the national guard, and who are retired from service, as well as their dependents. Currently, the adjutant general does not possess the authority to establish and operate a post exchange similar to those operated by our nation's military. C.S.H.B. 475 intends to authorize post exchanges in order to make many consumer goods more affordable to Texas service members and their families.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the adjutant general in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 475 amends the Government Code to authorize the adjutant general to establish and contract for the operation of not more than three military-type post exchanges similar to those operated by the armed forces of the United States on any real property under the management and control of the adjutant general's department and to designate facilities located on department property as a post exchange. The bill authorizes a post exchange to sell, lease, or rent goods and services, including beer and wine, tobacco products, and prepared foods, and limits the exchange's clientele to active, retired, and reserve members of the United States armed services; active and retired members of the state military forces; full-time employees of the adjutant general's department; and dependents of these individuals. The bill requires the adjutant general to adopt rules to govern the post exchanges that are similar to the procedures, policies, and restrictions governing exchanges of the Army and Air Force Exchange Service, including rules that require an individual to show identification that indicates that the individual is qualified to buy, lease, or rent goods at the post exchange. The bill requires the adjutant general to contract with a person to operate a post exchange.

C.S.H.B. 475 establishes the post exchange services account as a state militia company fund under the Government Code and authorizes the account to be used in a manner authorized by the General Appropriations Act for local funds. The bill exempts the account from the application of the laws governing the use of dedicated revenue and disposition of interest on investments. The bill specifies that the account consists of money received from the operation of post exchanges and all interest attributable to money held in the account. The bill authorizes a post exchange to sell goods and services, including beer and wine, for off-premises consumption if the operator of the exchange holds the appropriate license or permit issued by the Texas Alcoholic Beverage Commission. The bill requires the licensee or permittee to comply in all respects with the provisions of the Alcoholic Beverage Code and the rules of the Texas Alcoholic Beverage Commission. The bill authorizes the department to use appropriated money to purchase alcoholic beverages for sale at a post exchange. The bill exempts vending facilities operated at a post exchange from provisions of law relating to vending facilities operated by blind persons.

C.S.H.B. 475 amends the Tax Code to exempt a taxable item sold, leased, or rented to, or stored, used, or consumed by, a post exchange established under the bill's provisions from the taxes imposed by the Limited Sales, Excise, and Use Tax Act. The bill exempts a taxable item sold, leased, or rented by a post exchange under the bill's provisions from the taxes imposed by the act.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 475 differs from the original by authorizing the adjutant general to contract for the operation of a military-type post exchange, rather than to operate such a post as in the original, and by limiting the number of post exchanges the adjutant general is authorized to establish and contract to operate to not more than three. The substitute differs from the original in a provision authorizing a post exchange to sell certain goods and services by authorizing the post to sell beer and wine, whereas the original authorizes the post to sell alcohol. The substitute differs from the original by requiring the adjutant general to contract with a person to operate a post exchange, whereas the original authorizes such contracting. The substitute omits a provision in the original authorizing the adjutant general to contract with certain entities for stocking the post exchanges. The substitute differs from the original by establishing the post exchange services account as a state militia company fund and authorizing its use in a manner authorized by the General Appropriations Act for local funds, whereas the original establishes the account as an account in the general revenue fund and restricts the appropriation of money in the account to the adjutant general's department for purposes of post exchanges. The substitute differs from the original by exempting the post exchange account from certain laws governing disposition of interest on investments. The substitute differs from the original by making the account consist in part of money received from the operation of post exchanges, rather than money received from sales at post exchanges as in the original. The substitute differs from the original by authorizing a post exchange to sell certain goods and services if the operator of the exchange holds the appropriate license or permit issued by the Texas Alcoholic Beverage Commission, whereas the original authorizes the post exchange to sell goods and services without holding a license or permit issued by the comptroller or Texas Alcoholic Beverage Commission. The substitute contains a provision not in the original requiring the licensee or permittee to comply in all respects with the provisions of the Alcoholic Beverage Code and the rules of the Texas Alcoholic Beverage Commission. The substitute contains a provision not in the original exempting vending facilities at a post exchange from certain provisions of law relating to vending facilities operated by blind persons. The substitute contains a provision not in the original exempting taxable items sold, leased, or rented by a post exchange from the taxes imposed by the Limited Sales, Excise, and Use Tax Act.