

BILL ANALYSIS

Senate Research Center

S.B. 1732
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Veteran Affairs & Military Installations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Camp Mabry Army and Air Force Exchange Service (AAFES) was established in April of 1995, with the purpose of providing active duty and retired military members and their families with convenient access to goods and services. With the increase in the number of military service members across Texas, the adjutant general's department is requesting authority from the 82nd Texas Legislature to expand and operate exchange services at Camp Mabry and other Air/Army Guard facilities for the Texas military forces.

S.B. 1732 amends current law relating to authorizing the adjutant general to operate post exchanges on state military property.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the adjutant general in SECTION 1 (Section 431.040, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 431, Government Code, by adding Section 431.040, as follows:

Sec. 431.040. POST EXCHANGES ON STATE MILITARY PROPERTY. (a) Authorizes 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 (department). Authorizes a post exchange to sell, lease, or rent goods and services, including tobacco products, prepared foods, and beer and wine but not distilled spirits. Authorizes the adjutant general to designate facilities located on department property to use for purposes of this section.

(b) Requires the adjutant general to adopt rules to govern post exchanges established under this section 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.

(c) Requires the adjutant general to contract with a person to operate a post exchange created under this section.

(d) Authorizes a post exchange to sell, lease, or rent goods and services only to:

- (1) active, retired, and reserve members of the United States armed services;
- (2) active and retired members of the state military forces;
- (3) full-time employees of the adjutant general's department; and

(4) dependants of an individual described by Subdivisions (1)-(3).

(e) Provides that the post exchange services account is a company fund under Section 431.014 (Company Fund) and is authorized to be used in a manner authorized by the General Appropriations Act for local funds. Provides that the post exchange services account is exempt from the application of Sections 403.095 (Use of Dedicated Revenue) and 404.071 (Disposition of Interest on Investments). Provides that the account consists of:

(1) money received from the operation of post exchanges created under this section; and

(2) all interest attributable to money held in the account.

(f) Authorizes a post exchange created under this section to sell goods and services, including beer and wine but not distilled spirits, for off-premises consumption if the operator of the exchange holds the appropriate license or permit issued by the Texas Alcoholic Beverage Commission (TABC). Requires the licensee or permittee to comply in all respects with the provisions of the Alcoholic Beverage Code and the rules of TABC.

(g) Provides that Chapter 94 (Vending Facilities Operated by Blind Persons), Human Resources Code, does not apply to vending facilities operated at a post exchange.

SECTION 2. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.344, as follows:

Sec. 151.344. POST EXCHANGES ON STATE MILITARY PROPERTY. (a) Provides that a taxable item sold, leased, or rented to, or stored, used, or consumed by, a post exchange under Section 431.040, Government Code, is exempt from the taxes imposed by this chapter.

(b) Provides that a taxable item, sold, leased, or rented by a post exchange under Section 431.040, Government Code, is exempt from the taxes imposed by this chapter.

SECTION 3. Effective date: upon passage or September 1, 2011.