

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 16, 2011**

**TO:** Honorable Joseph Pickett, Chair, House Committee on Defense & Veterans' Affairs

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

**IN RE: SB1732** by Van de Putte ( Relating to authorizing the adjutant general to operate post exchanges on state military property.), **Committee Report 2nd House, Substituted**

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

The bill would amend the Government Code by giving the Adjutant General's Department the authority to establish and operate up to three military style 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. These post exchanges may sell, lease, or rent goods and services, including alcohol, tobacco products, and prepared food.

The bill would allow these post exchanges to sell goods and services including alcoholic beverages for off-premise consumption if the operator of the exchange holds the appropriate license or permit issued by the Texas Alcoholic Beverage Commission. The Adjutant General's Department would be directed to adopt rules to govern post exchanges. The bill would create a post exchanges services account as a company fund under Section 31.014 and may be used in a manner authorized by the General Appropriations Act for local funds. The bill would also exempt taxable items sold, leased, rented, stored, used or consumed by a post exchange under Section 431.040, Government Code, from the taxes imposed by this chapter.

Information provided by the Adjutant General's Department indicates that under the terms of the bill, the department would assume operation of a postal exchange currently operated by the Army and Air Force Exchange Service at Camp Mabry in Austin, an entity currently exempt from state and local sales tax collection and remittance. Eventual operation of two more exchanges is expected to be modest in scope. Consequently no significant fiscal implications are anticipated.

The bill would take effect immediately upon enactment if it receives the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

**Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 401 Adjutant General's Department, 458 Alcoholic Beverage Commission

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