

BILL ANALYSIS

C.S.H.B. 1953
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, when a retailer buys liquor from a wholesaler, the payment must be made within a specified time period. If the retailer does not pay the debt on time, the retailer is considered delinquent and is prohibited from purchasing liquor from any wholesaler until the delinquent account is paid. Interested parties contend that this procedure is intended to prevent a wholesaler from extending credit to a retailer, and therefore having undue influence over the retailer, but that there have been cases in which wholesalers held checks before depositing them in order to provide a retailer with more days of credit in violation of state credit laws. The parties note that, effectively, the retailer can continue to make purchases and is obligated to the wholesaler providing the credit, increasing the likelihood that the retailer will continue to purchase from that particular wholesaler and go further into debt to the wholesaler.

C.S.H.B. 1953 seeks to give the wholesalers a responsible time frame for depositing retailers' checks in order for business to continue with honest business practices.

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. 1953 amends the Alcoholic Beverage Code to require a wholesale dealer who accepts a check or draft as payment from a retailer for the purchase of liquor to deposit the check or draft in the bank for payment or present the check or draft for payment within five business days after it is received.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1953 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 102.32, Alcoholic Beverage Code, is amended by adding Subsection (b-1) to read as follows:
(b-1) A wholesale dealer who accepts a

HOUSE COMMITTEE SUBSTITUTE

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SECTION 2. This Act takes effect September 1, 2013.

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SECTION 2. Same as introduced version.