

- SUBJECT:** Raising the fee for certain alcoholic beverage licenses in large counties
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 8 ayes — Flores, Geren, Chisum, Goolsby, Hamilton, Homer, Morrison, Quintanilla
- 0 nays
- 1 absent — D. Jones
- WITNESSES:** For — Armando Bermudez, Near Northside B.O.N.D.; Patrick Castillo; Virginia Lee Duke, Northside Village Weed and Seed Program; Kevin J. Hoffman, Lindale Park Civic Club; Paul Meza, Second Ward Resident's Civic Club; Rebecca C. Reyna, City of Houston Council Member Adrian Garcia - District H; Victor Trevino, Elected Constable for Harris County Precinct 6
- Against — None
- On — Rick Donley, The Beer Alliance of Texas; Alan Steen, TABC
- BACKGROUND:** A wine and beer retailer's permit issued by the Texas Alcoholic Beverage Commission (TABC) allows the holder to sell wine, beer, ale, and malt liquor for on- and off-premise consumption. A retail dealer's on-premise license allows the holder to sell beer for on- and off-premise consumption. The annual fee for a beer and wine retailer's permit is \$175. The annual fee for a retail dealer's on-premise license is \$150.
- DIGEST:** CSHB 275 would raise the cost of obtaining and renewing a wine and beer retailer's permit and a retail dealer's on-premise license for premises located in Dallas, Harris, and Tarrant counties. An original permit or license would cost \$1,000, and a renewal would cost \$750.
- The bill would take effect September 1, 2005, and would apply to permits filed on or after that date.

**SUPPORTERS  
SAY:**

CSHB 275 would make it financially difficult for disreputable bars that plague many neighborhoods in the state's largest counties to remain in business. Houston especially has a problem with so-called "beer joints" opening in residential areas and near schools. These run-down establishments are not of the same caliber as legitimate bars and usually exhibit a variety of problems ranging from inadequate plumbing to illegally serving alcohol after hours. They strain the city's law enforcement resources, and many of these establishments have been the subject of numerous TABC violations. The presence of these dives also does economic damage to surrounding neighborhoods by chasing reputable businesses away.

The bill would help cities create a climate that makes it difficult for disreputable bars to exist to at the expense of nearby legitimate businesses, not to mention general public health and safety. Raising the fee for these sorts of permits would bring these fees closer to those charged for a mixed beverage retailer's permit, which is a similar license issued by TABC that initially costs \$3,000. In any case, a city's ability to enforce its local laws does not relate to the amount that TABC assesses for permit fees.

**OPPONENTS  
SAY:**

This bill would harm a large number of legitimate businesses in an effort to rid certain neighborhoods of undesirable beer joints. Many reputable pizza parlors and sandwich shops operate under the same licenses addressed by this bill. They are not causing any of the problems this bill seeks to address, yet they would pay TABC license fees that were dramatically higher than those of similar businesses in other counties. Not only would this be unfair, it could drive many desirable establishments out of business along with the beer joints.

A far better solution would be for Houston civic leaders and voters in to deal with the problem themselves by adopting sensible zoning ordinances, properly enforcing existing laws, and passing new laws at the local level, if necessary, that narrowly target the problems associated with disreputable bars.

**OTHER  
OPPONENTS  
SAY:**

It is a good idea to increase the fees for these permits, but the fees should be raised statewide. This would gain more state revenue, treat similar businesses equitably across Texas, and make it more difficult for disreputable beer joints to operate in other communities.

NOTES:

The original bill would have applied only to a wine and beer retailer's permit and would have kept the annual renewal fee at \$175.

A related bill, SB 1850 by Gallegos, which contains a provision that would increase the fees for certain alcoholic beverage license applications in the state's largest counties, passed the Senate by 28-1 (Wentworth) and April 29 and was reported favorably, without amendment, by the House Licensing and Administrative Procedure Committee on May 5.

According to the fiscal note, the bill would gain the state nearly \$3.9 million in general revenue-related funds in fiscal 2006-07 from increased license fees.