

BILL ANALYSIS

Senate Research Center
76R2508 CAG-D

S.B. 63
By: Gallegos
Economic Development
3/21/1999
As Filed

DIGEST

Currently, the Texas Alcoholic Beverage Commission (TABC) issues both primary and secondary permits and licenses authorizing the sale of alcoholic beverages. These permits and licenses are often issued on different dates and therefore expire on different dates. As a consequence, wholesalers may be unaware that they are supplying alcoholic beverages to a retailer with an invalid permit or license. S.B. 63 would require secondary permits and licenses to expire on the same date as the primary permit and license, and would require TABC to notify distributors and wholesalers of the status of retailer permits and licenses.

PURPOSE

As proposed, S.B. 63 establishes the effects of an expired or suspended alcoholic beverage permit or license.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.09, Alcoholic Beverage Code, as follows.

Sec. 11.09. New heading: EXPIRATION OR SUSPENSION OF PERMIT. Provides that a secondary permit which requires the holder of the permit to first obtain another permit, expires on the same date the basic or primary permit expires. Prohibits the Texas Alcoholic Beverage Commission (TABC) from prorating or refunding any part of the fee for the secondary permit, if the application of this section results in the expiration of the permit in less than one year. Provides that an action by TABC resulting in the suspension of a basic or primary permit also acts to suspend any secondary permit held by the holder of the basic or primary permit.

SECTION 2. Amends Chapter 11A, Alcoholic Beverage Code, by adding Section 11.091, as follows:

Sec. 11.091. NOTIFICATION OF EXPIRED OR SUSPENDED PERMIT; LIABILITY FOR UNAUTHORIZED SALE. Requires TABC to verify that the holder of an expired or suspended retail permit is not operating in violation of this code. Requires the verification, including any inspection of the premises by TABC personnel, to occur within a reasonable time after the permit expires or is suspended. Requires TABC to promptly notify each wholesaler, as that term is ordinarily used and understood in Section 102.01, who regularly supplies retailers in the geographic area, that the holder's retail permit has expired or has been suspended. Prohibits a wholesaler from being charged with or to be held liable for a violation of this code relating to the sale of alcoholic beverages to a non-permitted premise, if TABC has not notified the wholesaler under Subsection (b). Provides that this section does not apply, if the holder of a retail permit has timely filed a renewal application and is operating during the pendency of the renewal application subject to this code and the regulations of TABC.

SECTION 3. Amends Section 61.03, Alcoholic Beverage Code, as follows:

Sec. 61.03. New heading: EXPIRATION OR SUSPENSION OF LICENSE. Prohibits a license from being issued for a term longer than one year, except as provided by Subsection (b). Provides that a secondary license which requires the holder of the license to first obtain another license, including a late hours license or temporary license, expires on the same date the basic or primary

license expires. Prohibits TABC from prorating or refunding any part of the fee for the secondary license, if the application of this section results in a license expiration of the license in less than one year. Provides that an action by TABC resulting in the suspension of a basic or primary license also acts to suspend any secondary license held by the holder of the basic or primary license. Makes a conforming change.

SECTION 4. Amends Chapter 61A, Alcoholic Beverage Code, by adding Section 61.031, as follows:

Sec. 61.031. NOTIFICATION OF EXPIRED OR SUSPENDED LICENSE; LIABILITY FOR UNAUTHORIZED SALE. Requires TABC to verify that the holder of an expired or suspended retail license is not operating in violation of this code. Requires the verification, including any inspection of the premises by TABC personnel, to occur within a reasonable time after the date the license expires or is suspended. Requires TABC to promptly notify each wholesaler, as that term is ordinarily used and understood in Section 102.01, who regularly supplies retailers in the geographic area that the holder's retail license has expired or has been suspended. Prohibits a wholesaler from being charged with or held liable for a violation of this code relating to the sale of alcoholic beverages to an unlicensed premise, if TABC has not notified the wholesaler under Subsection (b). Provides that this section does not apply, if the holder of a retail license has timely filed a renewal application and is operating during the pendency of the renewal application subject to this code and the regulations of TABC.

SECTION 5. Effective date: September 1, 1999.

SECTION 6. Emergency clause.