

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 1794  
By: Wise (Cain)  
Business & Commerce  
5/8/2001  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, all charter members of a private club must participate equally in the initial purchase of all alcoholic beverages if the club uses the pooling system to stock its alcoholic beverages. The price of alcohol is high and there may be difficulty in organizing a private club simply because of the cost of the original purchase of alcoholic beverages. C.S.H.B.1794 provides that the original purchase of alcoholic beverages may be done through a loan directly to the club from a third party and authorizes a club that uses a pooling system to maintain several accounts to keep track of funds to minimize club costs and maximize efficiency in its operation.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 32.06, Alcoholic Beverage Code, as follows:

- (a) Authorizes the original purchase to be funded by a cash contribution from each member or from a loan to the club by a third person guaranteed by all the members. Authorizes a person who provides a loan to the club under this section to be related or unrelated to the club. Authorizes a loan for the original purchase to be repaid from the alcoholic beverages replacement account (replacement account).
- (b) Authorizes the club's governing body, if a replacement account is used, to transfer from the replacement account to the club's general operating account (operating account) any portion of the account that the governing body determines is in excess of the replacement amount needed to repay a loan for the original purchase of alcoholic beverages. Makes a conforming change.
- (c) Authorizes a private club to combine the club's replacement account, operating account, and any other account into a single master account if certain conditions are met. Authorizes the club, if the club contracts with a third party to provide management or other services for the club, to permit the club's master account to be combined with the master account of other clubs to which the third party provides similar services if certain conditions are met.

SECTION 2. Provides that this Act applies to the holder of a food and beverage certificate.

SECTION 3. Effective date: September 1, 2001.

### **SUMMARY OF COMMITTEE CHANGES**

Amends Engrossed H.B. 1794 by adding new SECTION 2 and redesignates original SECTION 2 as SECTION 3.