

## **BILL ANALYSIS**

Senate Research Center  
79R5249 AJA-F

H.B. 2064  
By: Goolsby (Carona)  
Business & Commerce  
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Engrossed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Many fraternal organizations in Texas have been issued a private club alcoholic beverage permit by the Texas Alcoholic Beverage Commission under provisions of the Alcoholic Beverage Code that exempt such organizations from payment of fees. However, the present statute is unclear as to the status of persons being served alcoholic beverages under the permit. For instance, if all members of the fraternal organization would be considered to be members of the club and therefore eligible to be served an alcoholic beverage, some of those persons might not be of legal age for consumption.

Fraternal organizations also sometimes stage events that are open to the public and it is unclear whether a nonmember of that fraternal organization has to become a member in order to enjoy the privileges of the club.

H.B. 2064 clarifies those questions: members of the club entity would be added and dropped independently from the exempt fraternal organization. By administrative rule, the club membership committee must have the power to terminate a membership which would not extend to termination in the fraternal organization. The rules of the club should be distinct and separate from the governing rule of the fraternal or veterans organization.

### **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 32.11, Alcoholic Beverage Code, by amending Subsection (b) and adding Subsection (e), as follows:

(b) Provides that the permit fee imposed by Section 32.02 and the provisions of Sections 32.03 and 32.10 requiring regular food service and prohibiting guests from paying in cash do not apply to a private club established by a fraternal or veterans organization. Provides that the private club is, rather than the organizations are, also exempt from Sections 32.05 and 32.06 and the members of the club are authorized to use any club funds owned by them jointly, including revenue from the service of alcoholic beverages, to replenish their joint stock of alcoholic beverages.

(e) Provides that a fraternal or veterans organization that holds a permit under this chapter and the private club established under that permit are considered separate entities for the purposes of determining compliance with and enforcing this code. Requires the fraternal or veterans organization to establish a membership committee for the permitted entity for the purposes of Sections 32.03(c) and (d). Provides that membership in the private club is governed by this code. Provides that membership in the fraternal or veterans organization is not subject to the requirements of this code.

SECTION 2. Effective date: upon passage or September 1, 2005.