

## **BILL ANALYSIS**

Senate Research Center  
82R13914 MCK-F

S.B. 1732  
By: Van de Putte  
Veteran Affairs & Military Installations  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Camp Mabry Army and Air Force Exchange Service (AAFES) was established in April of 1995, with the purpose of providing active duty and retired military members and their families with convenient access to goods and services. With the increase in the number of military service members across Texas, the adjutant general's department is requesting authority from the 82nd Texas Legislature to expand and operate exchange services at Camp Mabry and other Air/Army Guard facilities for the Texas military forces.

As proposed, S.B. 1732 amends current law relating to authorizing the adjutant general to establish post exchanges on state military property.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the adjutant general in SECTION 2 (Section 431.040, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 5, Alcoholic Beverage Code, by adding Section 5.501, as follows:

Sec. 5.501. WAIVER OR REDUCTION OF FEES. Authorizes the Texas Alcoholic Beverage Commission (TABC) to waive or reduce the amount of a fee for a license or permit under this code for a licensed or permitted premises that is located on a post exchange under Section 431.040, Government Code.

SECTION 2. Amends Subchapter B, Chapter 431, Government Code, by adding Section 431.040, as follows:

Sec. 431.040. POST EXCHANGES ON STATE MILITARY PROPERTY. (a) Authorizes the adjutant general to establish and contract for the operation of not more than three military-type post exchanges similar to those operated by the armed forces of the United States on any real property under the management and control of the adjutant general's department (department). Authorizes a post exchange to sell, lease, or rent goods and services, including beer and wine, tobacco products, and prepared foods. Authorizes the adjutant general to designate facilities located on department property to use for purposes of this section.

(b) Requires the adjutant general to adopt rules to govern post exchanges established under this section that are similar to the procedures, policies, and restrictions governing exchanges of the Army and Air Force Exchange Service, including rules that require an individual to show identification that indicates that the individual is qualified to buy, lease, or rent goods at the post exchange.

(c) Authorizes the adjutant general to contract with wholesalers, distributors, or suppliers of inventory items for stocking the post exchanges. Requires the adjutant general to contract with a person to operate a post exchange created under this section.

(d) Authorizes a post exchange to sell, lease, or rent goods and services only to:

- (1) active, retired, and reserve members of the United States armed services;
- (2) active and retired members of the state military forces;
- (3) full-time employees of the adjutant general's department; and
- (4) dependants of an individual described by Subdivisions (1)-(3).

(e) Provides that the post exchange services account is a company fund under Section 431.014 (Company Fund) and is authorized to be used in a manner authorized by the General Appropriations Act for local funds. Provides that the post exchange services account is exempt from the application of Sections 403.095 (Use of Dedicated Revenue) and 404.071 (Disposition of Interest on Investments). Provides that the account consists of:

- (1) money received from the operation of post exchanges created under this section; and
- (2) all interest attributable to money held in the account.

(f) Authorizes a post exchange created under this section to sell goods and services, including beer and wine, for off-premises consumption if the operator of the exchange holds the appropriate license or permit issued by TABC. Authorizes the department to use appropriated money to purchase alcoholic beverages for sale at a post exchange.

(g) Provides that Chapter 94 (Vending Facilities Operated by Blind Persons), Human Resources Code, does not apply to vending facilities operated at a post exchange.

SECTION 3. Amends Subchapter H, Chapter 151, Tax Code, by adding Section 151.344, as follows:

Sec. 151.344. POST EXCHANGES ON STATE MILITARY PROPERTY. Provides that a taxable item sold, leased, or rented to, or stored, used, or consumed by, a post exchange under Section 431.040, Government Code, is exempt from the taxes imposed by this chapter.

SECTION 4. Effective date: upon passage or September 1, 2011.