

## **BILL ANALYSIS**

Senate Research Center  
83R2816 MCK-F

S.B. 598  
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Business & Commerce  
3/27/2013  
As Filed

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

Current Texas law limits the number of package store permits a person can hold to five. However, the law does not treat all Texans the same. Certain individuals and families are allowed to own more than five package stores while all other individuals are limited by law to five.

Section 22.04, Alcoholic Beverage Code, limits the number of package stores an individual can own to five. There are two loopholes—those who owned them before May 1, 1949, are grandfathered in and there is an exception in Section 22.05 that allows certain family structures to consolidate permits to get around the cap of five. This is how certain individuals have accumulated hundreds of package stores while limiting their competition, in some instances, to owning only five.

These laws are outdated, unfair, and give certain families a competitive advantage. These stores are then able to purchase product using volume discounts, thereby getting lower prices than smaller retailers that could be limited on ownership.

This bill does not affect the type of entity that can own package stores, such as publicly traded corporations, which are not allowed under current law or by this bill to obtain a package store permit. Nor does it allow grocery stores to own package stores. S.B. 598 simply removes the anti-competitive cap on package store ownership and will allow all individuals to operate under the same set of laws.

As proposed, S.B. 598 amends current law relating to restrictions on holders of package store permits.

### **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. Repealers: Sections 22.04 (Limitation on Package Store Interests) and 22.05 (Consolidation of Permits), Alcoholic Beverage Code.

SECTION 2. Effective date: September 1, 2013.