

- SUBJECT:** Promotional alcoholic beverage permits for non-Texas residents
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 8 ayes — Flores, Geren, Goolsby, Hamilton, Jones, Miles, Quintanilla, Thompson
0 nays
1 absent — Isett
- WITNESSES:** For — Dale Szyndrowski, Distilled Spirits Council of the U.S. (*Registered, but did not testify:* Winn Atkins, DIAGEO; Rick Donley, The Beer Alliance of Texas; Alan Gray, Ralph Townes, Licensed Beverage Distributors)
Against — None
- BACKGROUND:** The 79th Legislature in 2005 amended the Alcoholic Beverage Code to create a promotional permit that allows permit holders to contract with distillers, brewers, rectifiers, manufacturers, wineries or wine bottlers to promote and enhance the sale of alcoholic beverages in retail establishments. The annual fee for a promotional permit is \$300. Promotional permit holders cannot hold a direct or indirect interest in another permit or license issued under the Alcoholic Beverage Code.
To qualify for a permit or license issued under the Alcoholic Beverage Code, a person must have been a resident of the state for at least one year before the date on which the application is filed.
- DIGEST:** HB 1365 would specify that promotional permit holders were not required to be Texas residents and were not subject to residency provisions in the Alcoholic Beverage Code.
The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

SUPPORTERS
SAY:

HB 1365 simply would correct an oversight in legislation enacted in 2005 to support the marketing of alcoholic beverages by establishing a promotional permit. Alcoholic beverage distributors contract with permit holders to promote their products in retail establishments. The 2005 legislation did not provide an exemption from the requirement that permit holders live in Texas for one year before applying for a permit.

The residency requirement was not intended for this purpose and creates an unnecessary barrier for individuals new to the state who may wish to apply for a promotional permit. The law is narrowly drafted to apply only to these permit holders and would not affect other applicants for alcoholic beverage licenses.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The companion bill, SB 923 by Whitmire, has been referred to the Senate Business and Commerce committee.

HB 1365 originally was recommended for the Local and Consent Calendars Committee, which transferred it to the Calendars Committee.