

- SUBJECT:** Exempting restaurants in certain counties from higher license fees
- COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment
- VOTE:** 6 ayes — Flores, Geren, Goolsby, Hamilton, Jones, Thompson  
0 nays  
3 absent — Isett, Miles, Quintanilla
- WITNESSES:** For — (*Registered, but did not testify:* Rick Donley, The Beer Alliance of Texas; Alan Gray and Ralph Townes, Licensed Beverage Distributors)  
Against — None
- BACKGROUND:** Under Alcoholic Beverage Code, sec. 25.02(a), the annual fee to obtain or renew a wine and beer retailer’s permit is \$175. In 2005, through the enactment of SB 1850 by Gallegos, et al., the 79th Legislature added sec. 25.02(b) to set higher fees for wine and beer retailer’s permits in establishments located Dallas, Harris, and Tarrant counties. An original permit costs \$1,000 for these establishments, and a renewal costs \$750.
- DIGEST:** HB 1667 would amend Alcoholic Beverage Code, sec. 25.02(b) to exempt a holder of a food and beverage certificate from the higher annual fees applied to wine and beer retailer permit holders in Dallas, Harris, and Tarrant counties.  
  
The bill would take effect September 1, 2007.
- SUPPORTERS SAY:** HB 1667 would fix an unintended consequence of a bill enacted last session that was designed to crack down on undesirable establishments operating in some of the state’s largest counties. SB 1850 introduced a number of measures, including sharp increases in wine and beer permit fees, in an effort to slow the proliferation of run-down “cantinas” or “beer joints” operating in residential areas and near schools in the Dallas and Houston metro areas. While SB 1850 exempted food and beverage certificate holders from all its other provisions, the bill unintentionally applied the higher wine and beer permit fees to restaurants. By fixing this

error, HB 1667 would remove this accidental burden from restaurants and other food and beverage certificate holders in these large counties and restore the wine and beer permit fee structure for them to \$175 per year.

A floor amendment would apply the \$1,000 fee for an original wine and beer permit and \$750 for a permit renewal to all wine and beer permit holders in Texas, other than holders of food and beverage certificates. Not only would this offset the cost to the state in the current fiscal note, it would result in a substantial increase of general revenue while standardizing the permit fees for all beverage permit holders that are not restaurants.

OPPONENTS  
SAY:

According to the fiscal note, HB 1667 would result in a decrease of more than \$600,000 per year in general revenue-related funds. Any measures to rectify the unintended consequences of SB 1850 should be adopted in a way that does not cost the state.

OTHER  
OPPONENTS  
SAY:

The proposed floor amendment would charge a much higher license fee to beverage permit holders throughout Texas. A \$750 fee would represent an increase of 329 percent for the renewal of permits by established holders, and the cost of an original permit would increase by 471 percent, from \$175 to \$1,000. SB 1850 was enacted to deal with a local problem in the state's three largest counties, but not all Texas counties have the same issue with disreputable drinking establishments as the urban counties. While this amendment would raise significantly more revenue and would offset the fiscal note, it would do so at the expense of many legitimate bars across Texas.

NOTES:

According to the Legislative Budget Board, HB 1667 would cost the state approximately of \$1.3 million in general revenue-related funds in fiscal 2008-09.

Rep. Geren intends to offer a floor amendment that would apply the \$1,000 fee for an original wine and beer permit and \$750 for a permit renewal to all wine and beer retailer permit holders in Texas. It would not apply to food and beverage certificate holders, who would continue to pay an annual fee of \$175. These higher fees and the food and beverage certificate exception also would apply to retail dealer's on-premise license holders, who currently pay \$150 per year for their license.