

SUBJECT: Security required to challenge application for beer license

COMMITTEE: Licensing and Administrative Procedures — favorable, without amendment

VOTE: 5 ayes — Wilson, Yarbrough, Goolsby, Haggerty, A. Reyna
0 nays
4 absent — Flores, D. Jones, Moreno, Wise

WITNESSES: For — *Registered but did not testify*: Rick Donley, Beer Alliance of Texas;
Robert Sparks, Licensed Beverage Distributors
Against — None
On — *Registered but did not testify*: Randy Yarbrough, Texas Alcoholic
Beverage Commission

BACKGROUND: Under Alcoholic Beverage Code, sec. 61.39, any person may contest the facts stated in an application for a license to distribute, manufacture, or sell beer at retail, or the applicant's right to a license, if the person gives security for all costs of the contest should the case be decided in the applicant's favor. No security may be required of an officer of a county or an incorporated city or town.

DIGEST: HB 1506 would exempt elected officers of the state or federal government from the security requirement in Alcoholic Beverage Code, sec. 61.39.
The bill would take effect September 1, 2001.

SUPPORTERS SAY: An individual or community group that wants to contest an application for a beer license now must pay a security deposit in addition to any expense incurred for hiring an attorney. These costs may inhibit or prevent the person or group from filing a protest with the Texas Alcoholic Beverage Commission (TABC) even if they oppose an application. Under current law, a state or federal elected official who protests an application also must pay a security bond.

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HB 1506 would allow a concerned individual or group to contest an application by enlisting an elected state or federal official to lead their protest. The official could represent his or her constituents before TABC without having to post a security bond.

OPPONENTS
SAY:

Community groups already can avoid bonding costs by persuading local elected officials to file protests on their behalf. Involving additional elected officials in administrative proceedings in this manner, particularly state officials who may have influence over the TABC and its budget, could create an unfair advantage for those contesting a beer license application.