

**SUBJECT:** Denial of alcoholic beverage permit for nonpayment of ad valorem taxes

**COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment

**VOTE:** 8 ayes — Wilson, Yarbrough, Flores, Goolsby, Haggerty, D. Jones, Moreno, Wise  
0 nays  
1 absent — A. Reyna

**WITNESSES:** For — Andres W. Gibbud, Tax Assessor/Collector’s Association of Texas;  
*Registered but did not testify:* Sue Glover, Texas Association of Counties  
Against — None  
On — Brian Guenthner, Texas Alcoholic Beverage Commission

**BACKGROUND:** Alcoholic Beverage Code, sec. 11.38 authorizes the governing bodies of cities and towns to impose and collect fees for alcoholic beverage permits issued for premises within the city or town, subject to certain exceptions. Sec. 61.36 authorizes the same type of local fee for an alcoholic beverage license, excluding a temporary or agent’s beer license. Fees may not exceed one-half the state fee for a permit or license. The Texas Alcoholic Beverage Commission (TABC) or its administrator may cancel a permit or license if the permittee or licensee has not paid a fee that is due. A permittee or licensee who sells an alcoholic beverage without first having paid the fee commits a misdemeanor punishable by a fine of between \$10 and \$200.

**DIGEST:** HB 337 would allow the TABC or its administrator to cancel or deny an alcoholic beverage permit or license, including one held by the holder of a food and beverage certificate, if the permit or license holder or applicant had not paid delinquent ad valorem taxes due on the permitted or licensed premises or due from a business operated on those premises to any taxing authority in the county.

Permit or license holders or applicants would be presumed delinquent in paying ad valorem taxes if they had been placed on a delinquent tax roll, had received a notice of delinquency, or had not paid the required amount of taxes on a property whose valuation was under appeal.

The bill would take effect September 1, 2001.

**SUPPORTERS  
SAY:**

Alcoholic beverage retailers sometimes neglect to pay ad valorem taxes due on their establishments or fixtures. These retailers reap the benefits of operating these establishments without paying taxes on them. HB 337 would give the TABC an important enforcement tool by allowing the commission to deny a license or permit renewal or application for a delinquent ad valorem taxpayer reported by any local taxing authority.

Nonpayment of taxes causes a loss of revenue to local governments. If retailers do not pay their taxes, they should not be able to continue operating. The legal process to force people to pay their ad valorem taxes can take several years. HB 337 would provide a more direct method for local taxing authorities to enforce compliance by alcoholic beverage retailers.

Liquor supplies are expensive. A retailer who has enough money to buy liquor stock most likely has the money to pay any taxes due. Also, because these businesses are primarily cash-based, it may take a while to discover that they are delinquent on their taxes. Once their delinquency comes to light, it is easy for these retailers to move their businesses elsewhere, since they still have their licenses and permits to operate. HB 337 would put these operators out of business until they had complied with their tax obligations.

**OPPONENTS  
SAY:**

No apparent opposition.