

BILL ANALYSIS

Senate Research Center
84R5834 MCK-F

S.B. 526
By: Birdwell
Business & Commerce
2/27/2015
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 (Limitation on Package Store Interests) of the 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 (Consolidation of Permits) 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These laws are outdated, unfair, and give certain families a competitive advantage.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.

S.B. 526 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. 526 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. 526 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, 2015.