TABC
TEXAS ALCOHOLIC BEVERAGE COMMISSION
service ★ courtesy ★ integrity ★ accountability

TEXAS PACKAGE STORES ASSOCIATION

Texas Package Stores Association
65th Annual Convention

"Facing the Future Together"

Sherry Cook, TABC Administrator

Dallas, Texas - August 6, 2012

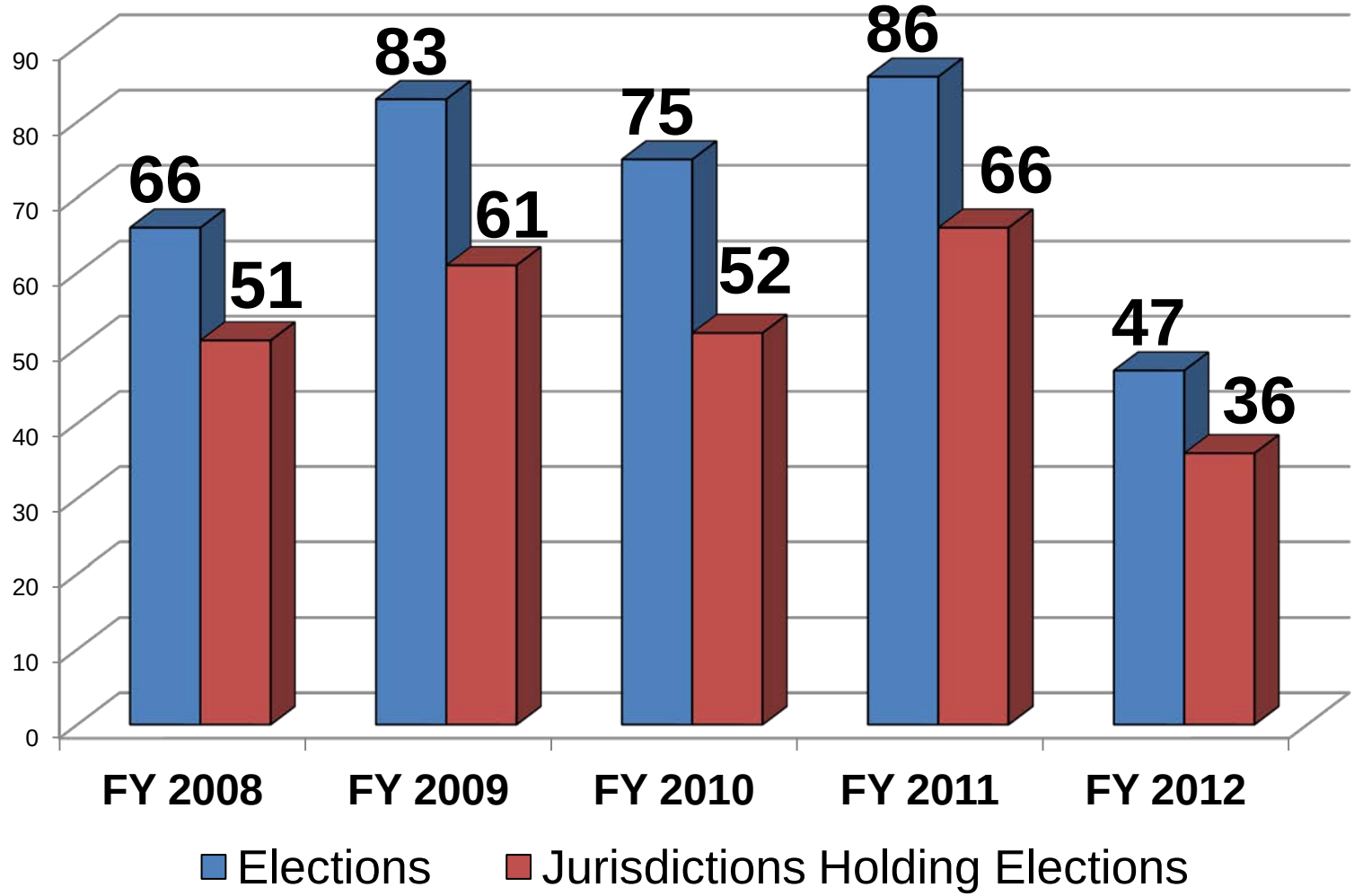
"Facing the Future Together"

- Industry Growth
- Delinquent List
- 83rd Legislative Session
  - Interim Charge on Licensing Process
  - Code Inconsistencies and "Leveling the Playing Field"
  - Package Store Issues
  - LAR Exceptional Items
- TABC Organization

Local Option Elections

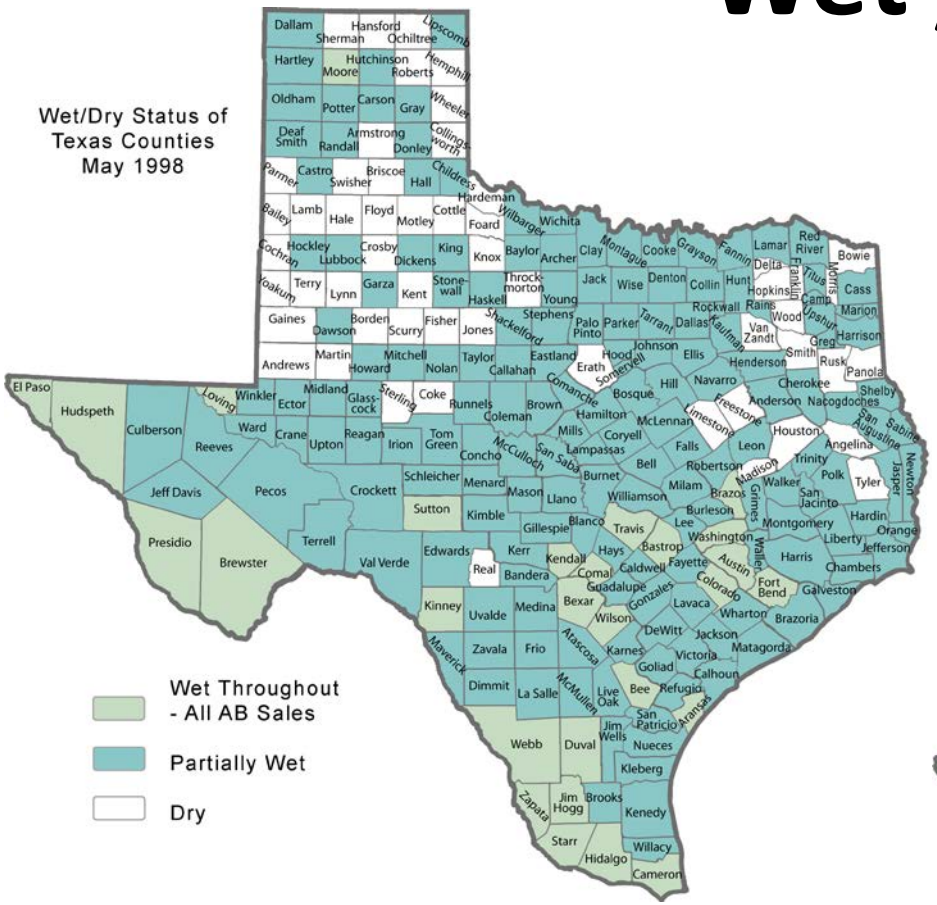
FY 2008 – FY 2012

76% Overall Success Rate



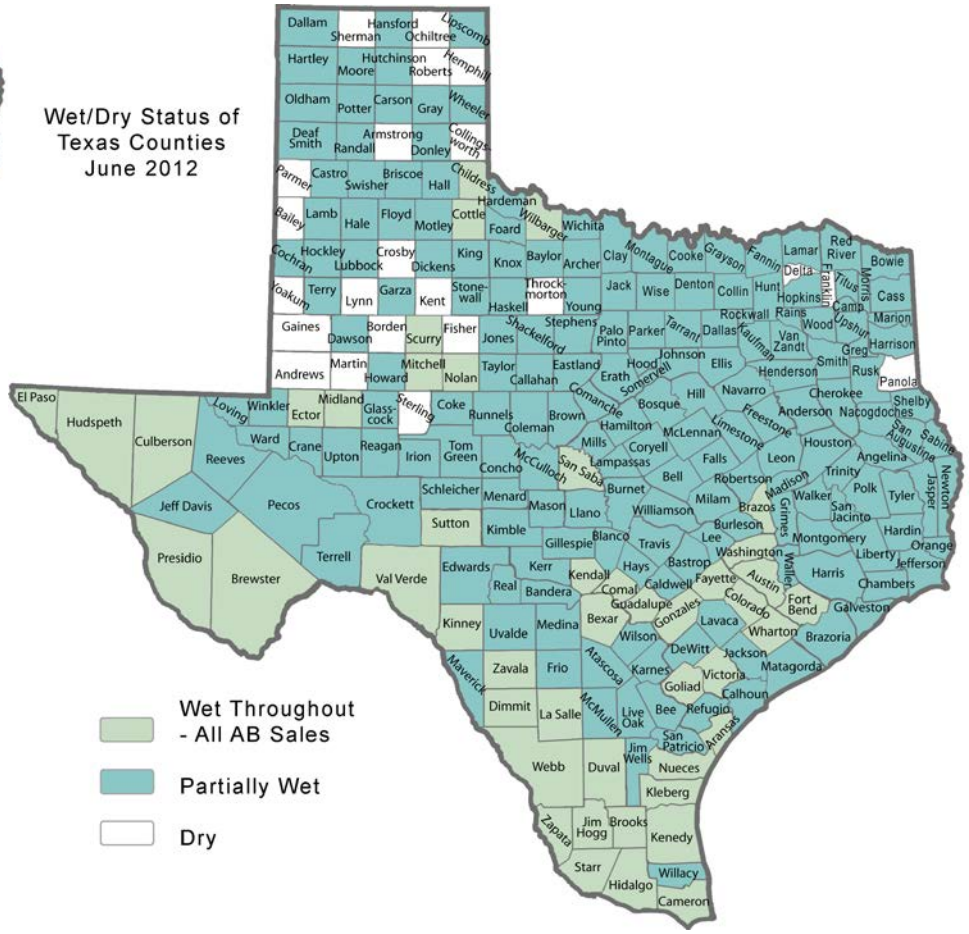
Wet / Dry Counties

1998 and 2012



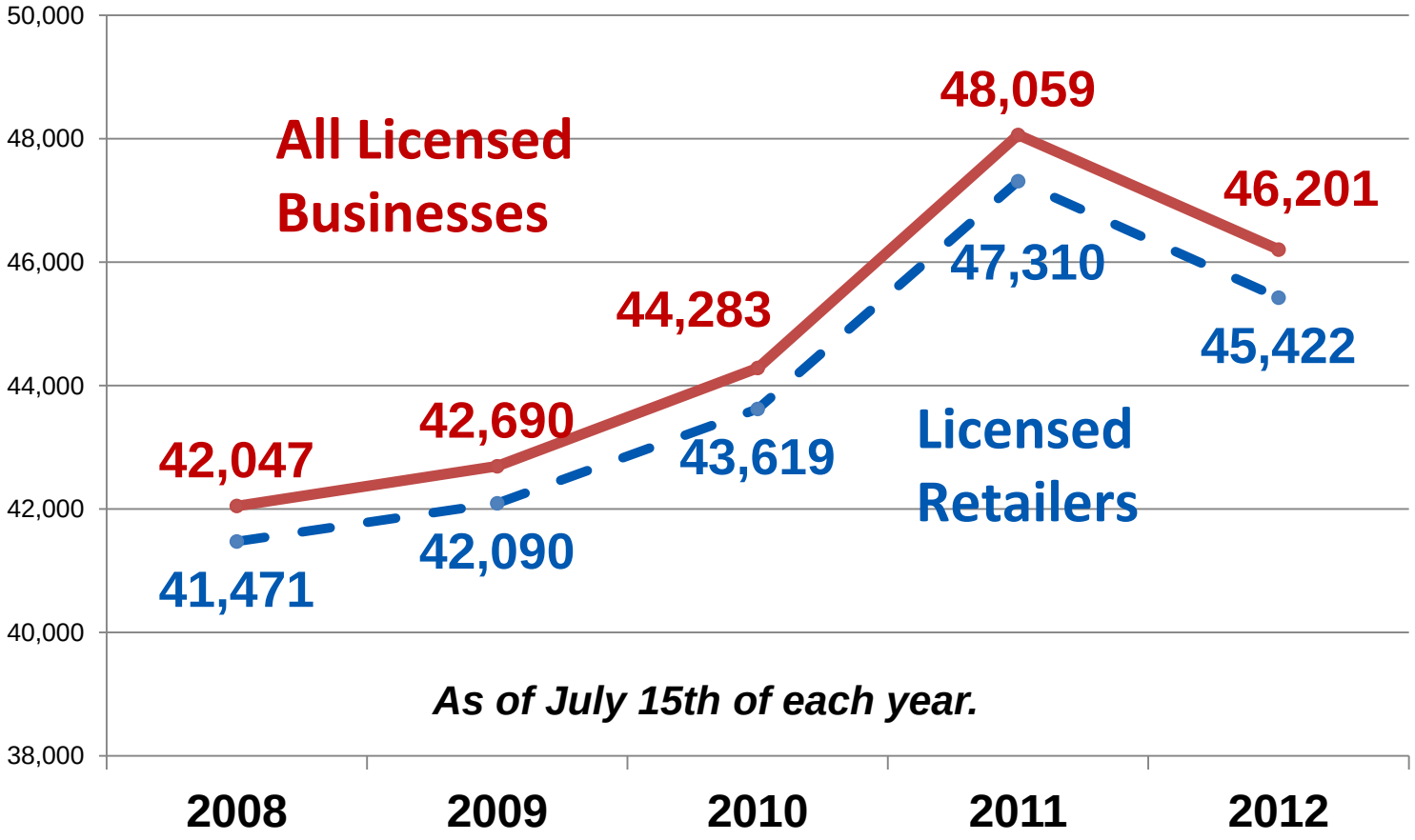
May 1998
29 Wet Counties
54 Dry Counties

June 2012
46 Wet Counties
22 Dry Counties



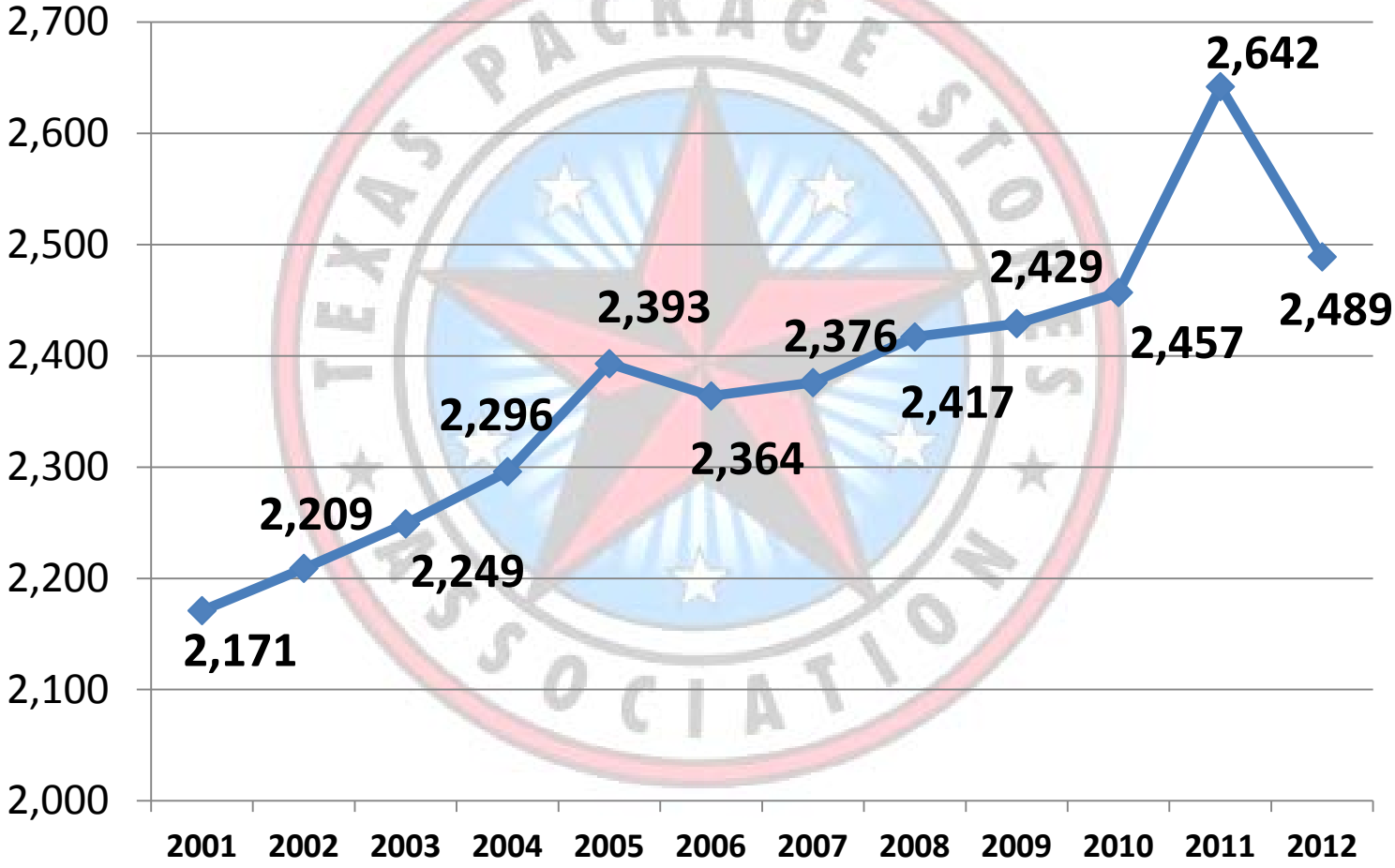
Growth of Texas Businesses

Growth is expected to continue at an <u>average</u> rate of two percent annually.



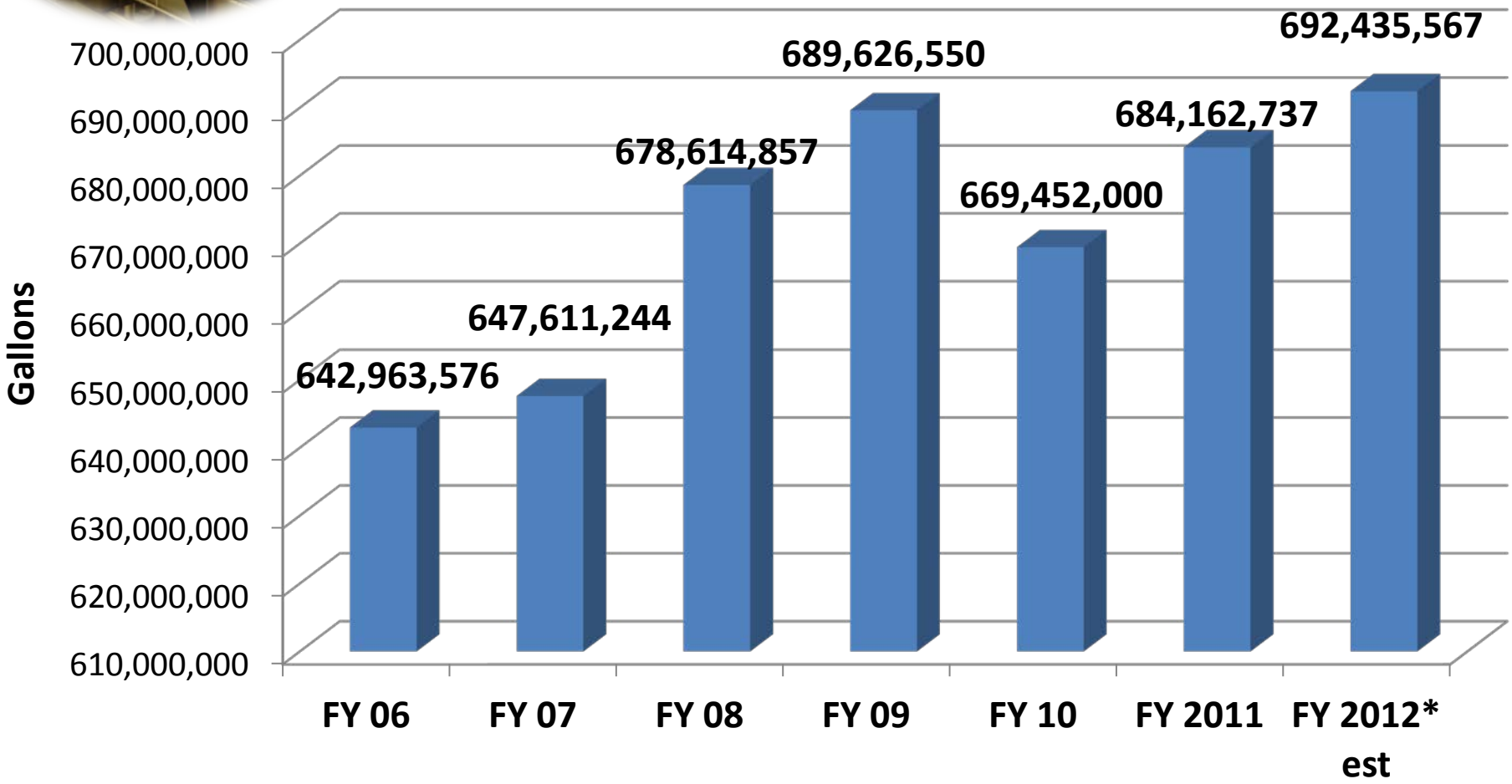
Texas Package Stores

14.6% growth from July 2001-July 2012



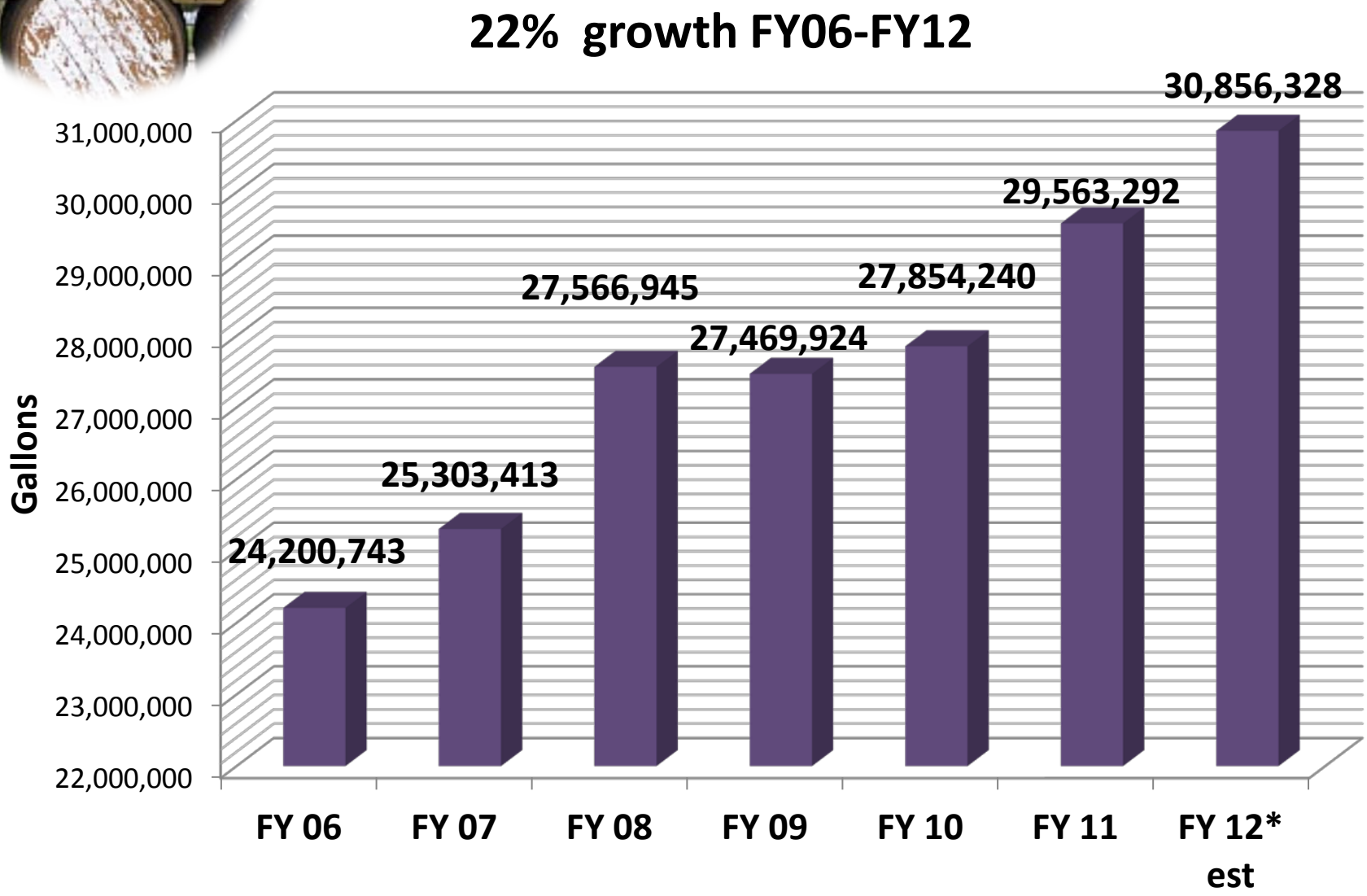
Wholesale Alcohol Sales in Texas

8% growth FY06-FY12



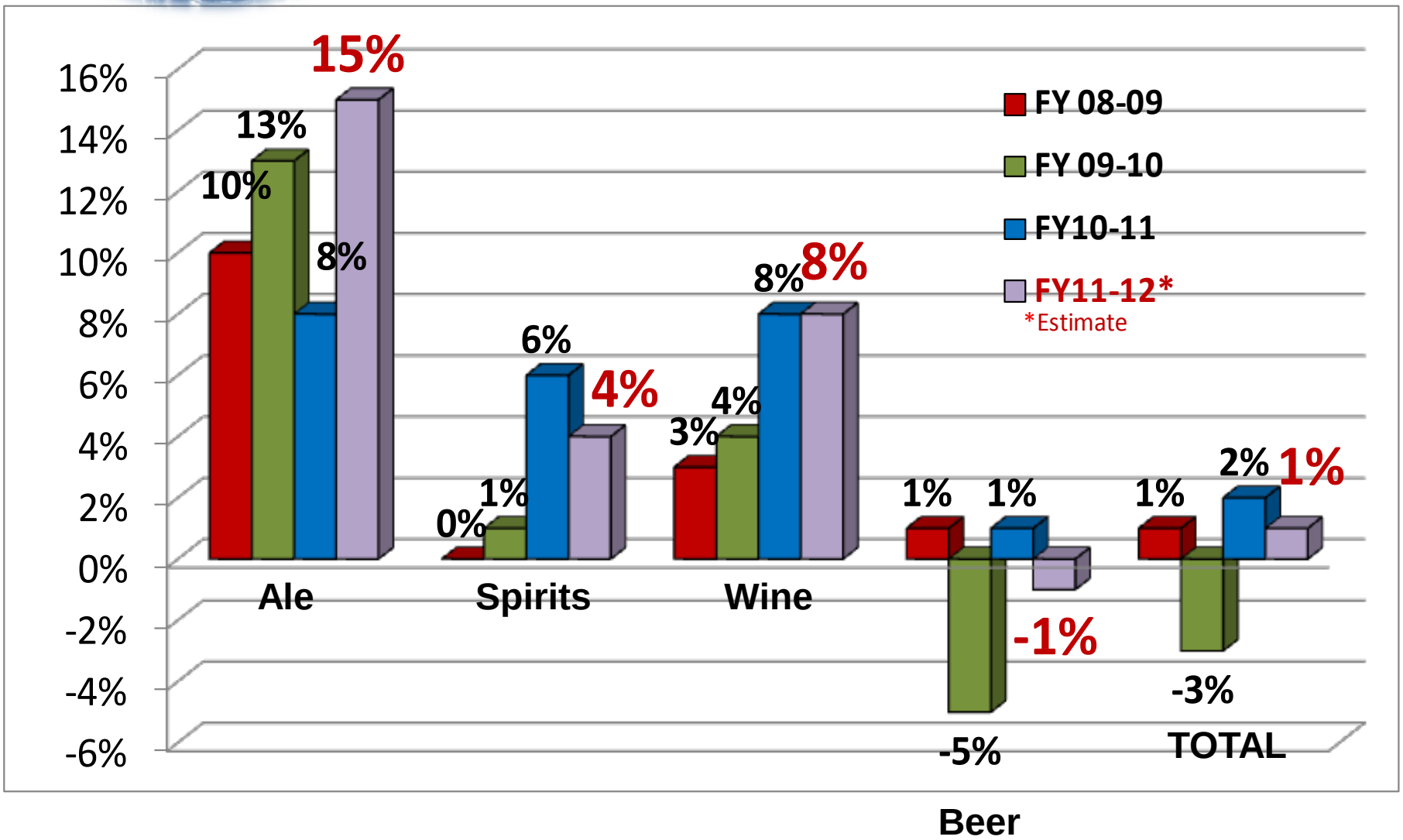
692 million gallons of alcohol to be sold in Texas in FY 2012.

Distilled Spirits Sales in Texas

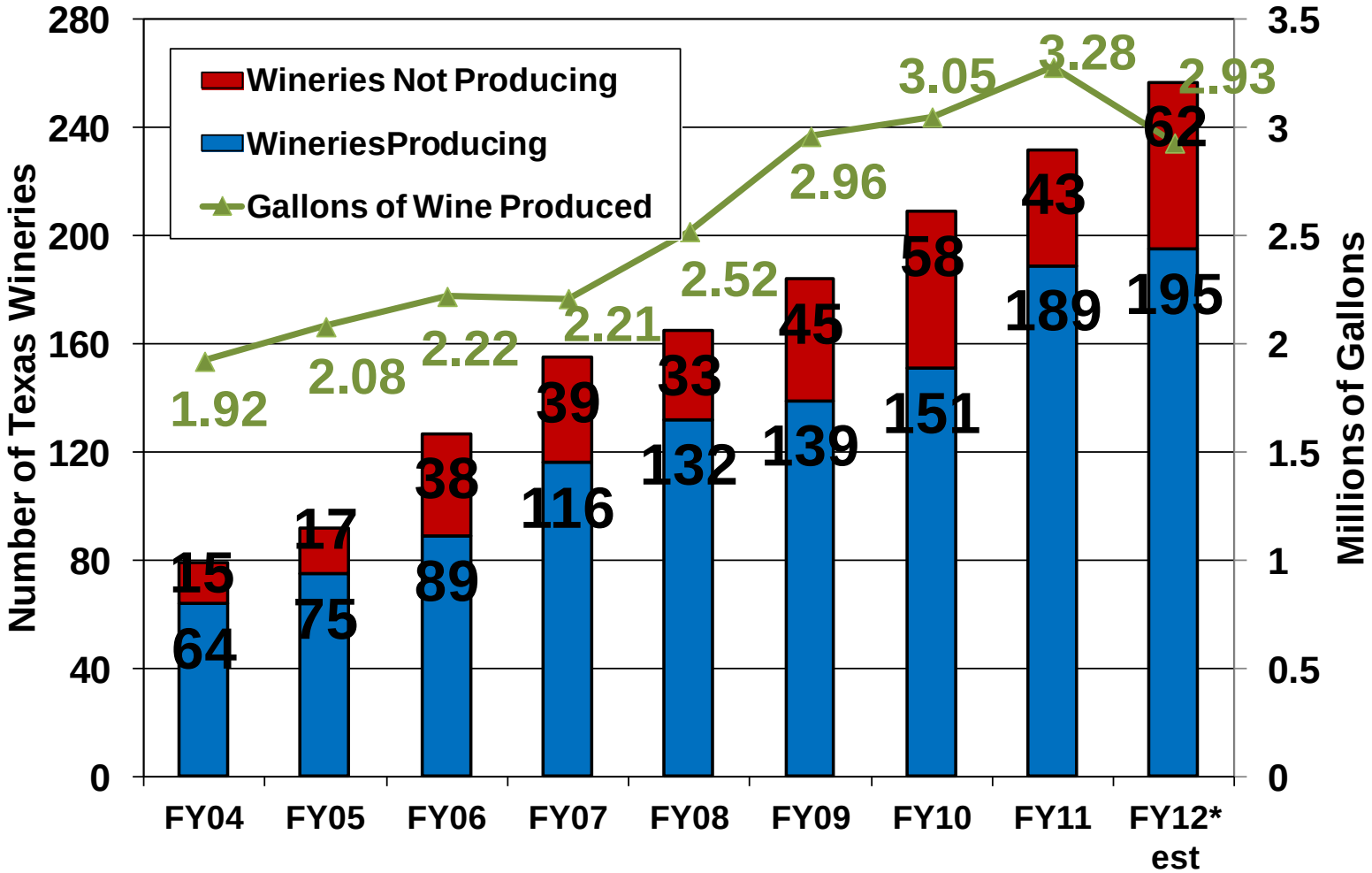


Wholesale AB Sales in Texas

Growth FY08-09, FY09-10, FY10-11, FY11-12*

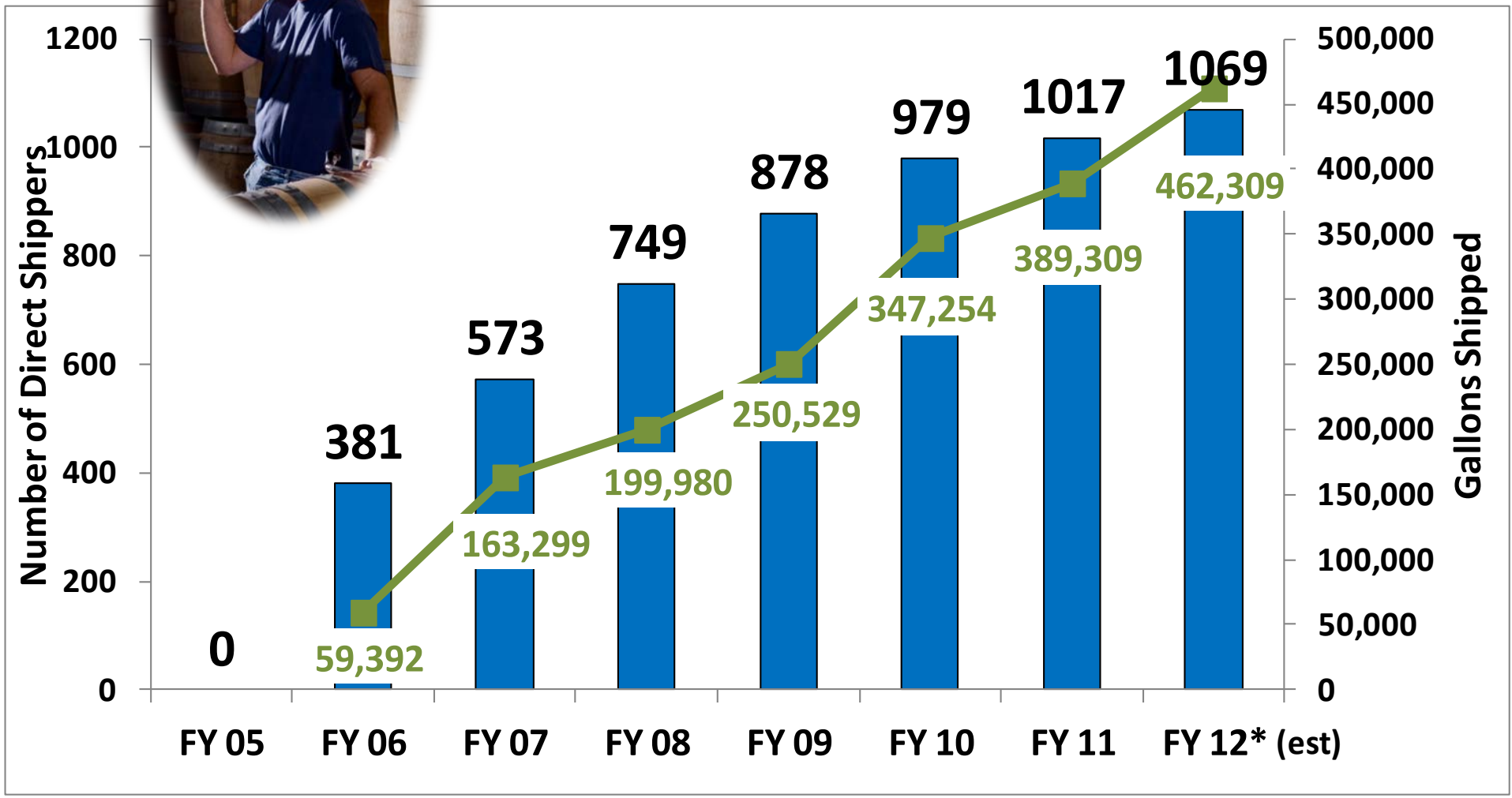


Texas Wineries and Gallons Produced (in millions)



Number of active winery permits at the end of the fiscal year.

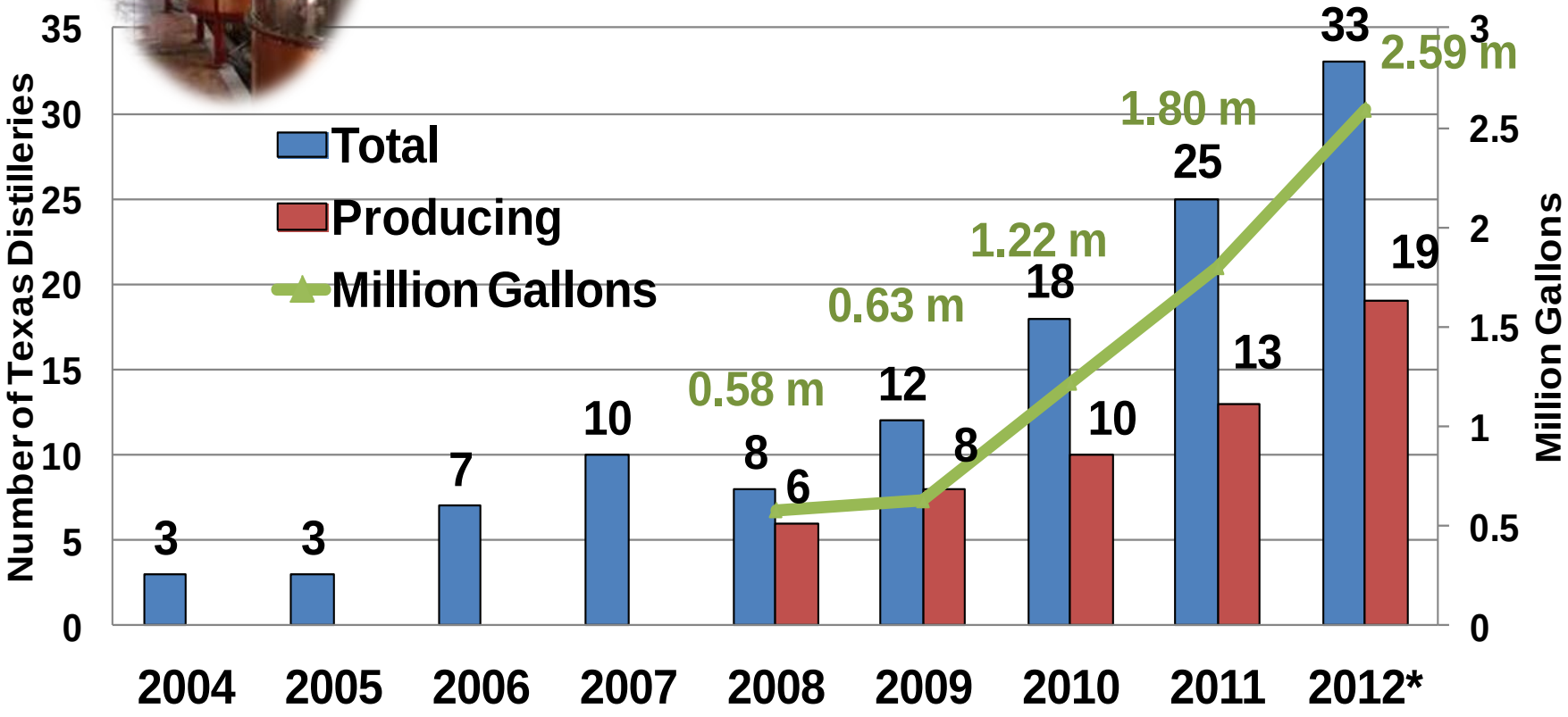
Out of State Winery Direct Shippers and Gallons Shipped



Number of active permits throughout the year.

First Direct Shipper permits were issued on 10/24/05.

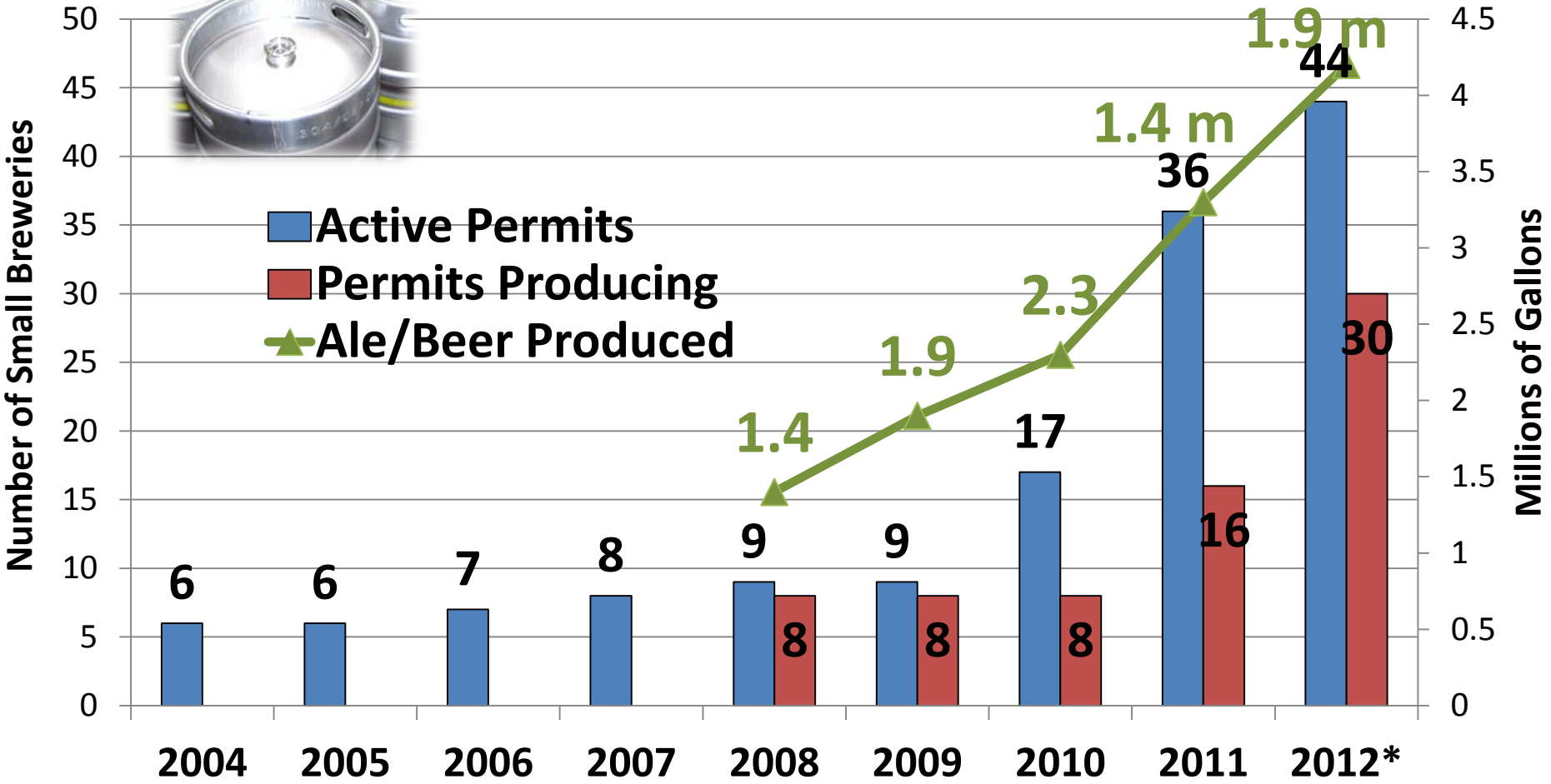
Texas Distilleries and Gallons Produced (in millions)



Number of active permits throughout the year.

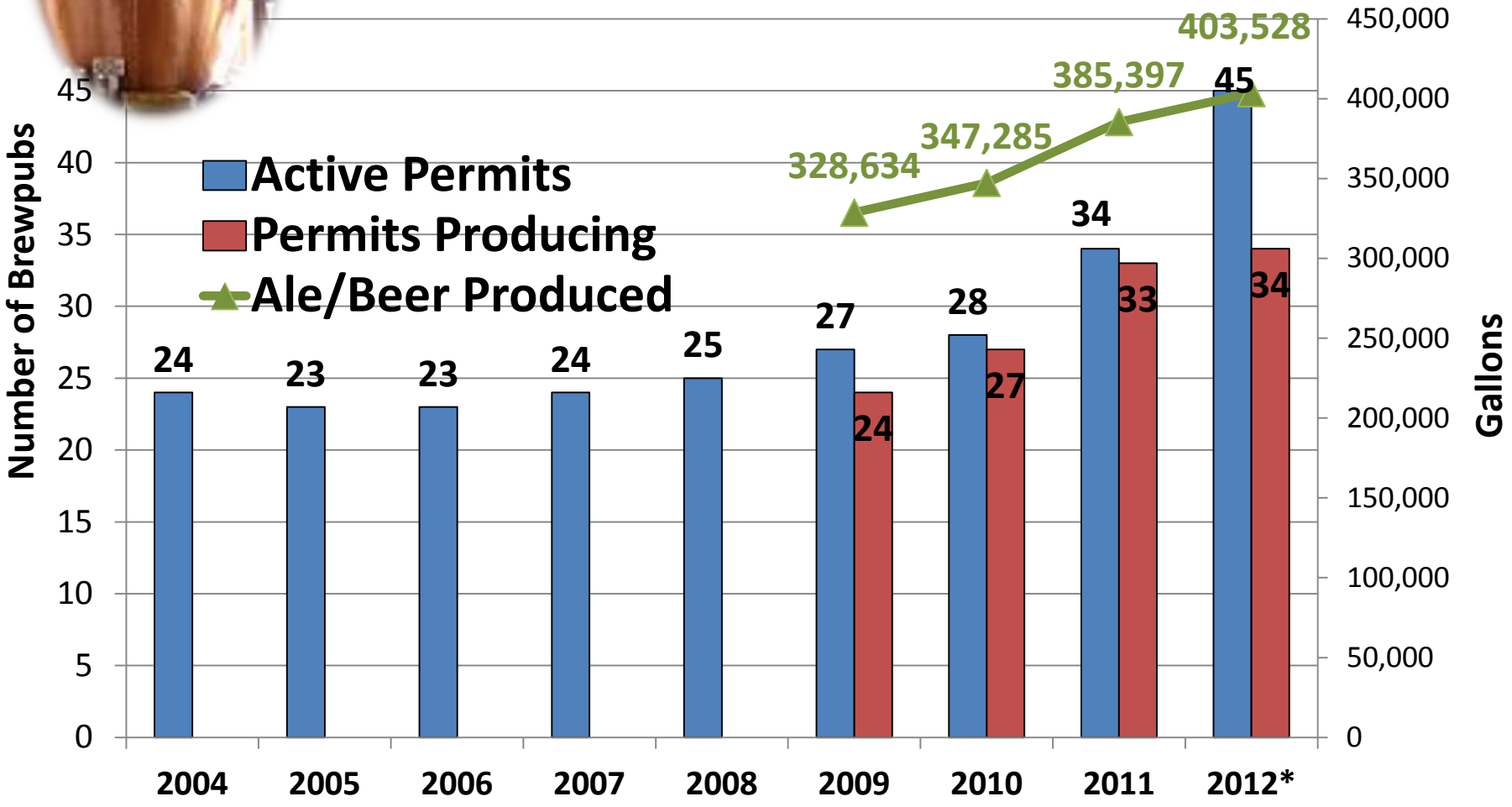
Data on number producing and amount produced not available prior to 2008.

Small Texas Breweries and Gallons Produced (in millions)



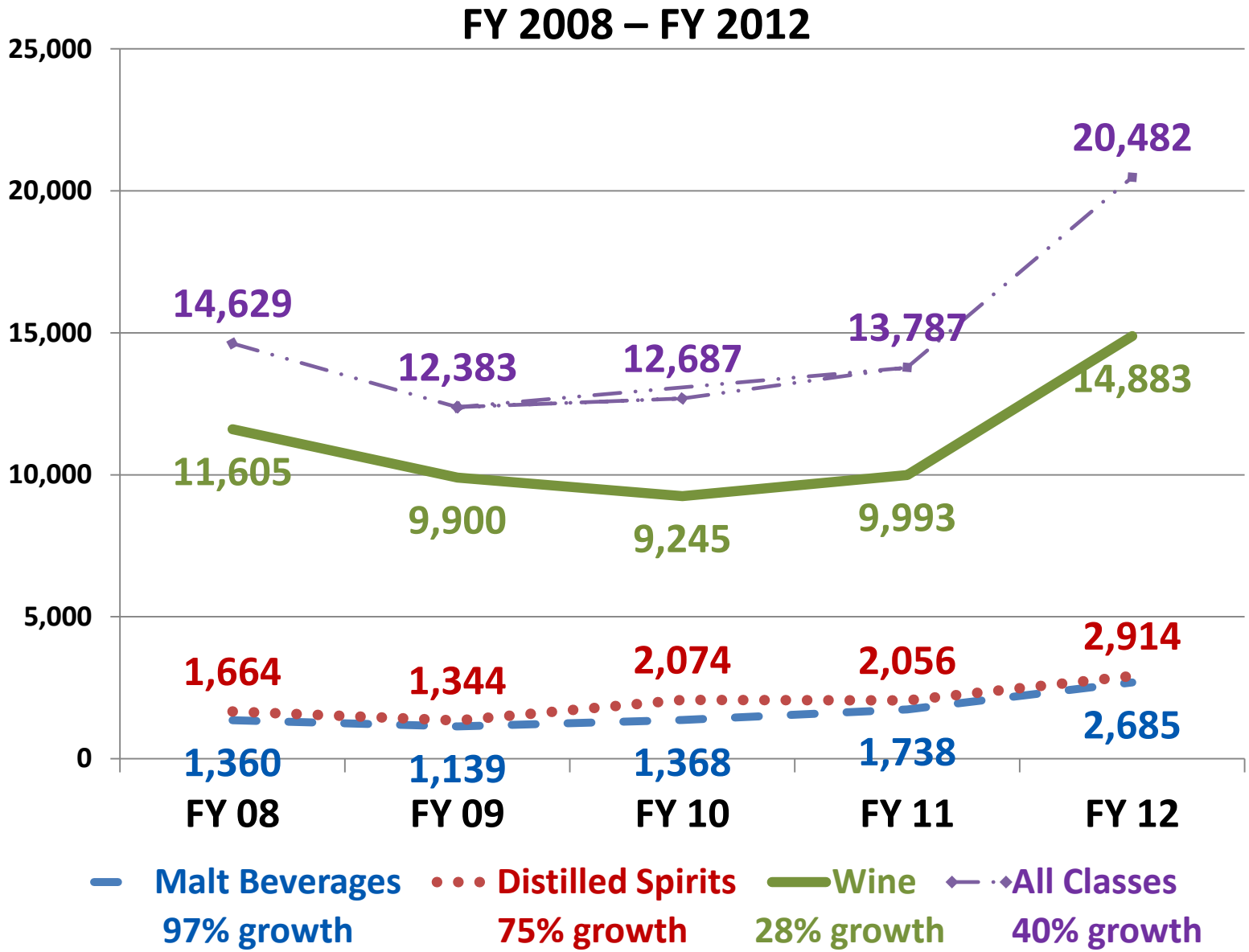
Number of active permits on December 31st.
Small Brewery = Producing less than 75K bbls/year
Data on number producing and amount produced not available prior to 2008.

Growth in Brewpubs and Gallons Produced



Number of active permits at the end of the year.
Data on number producing and amount produced not available prior to 2009.

Increase in Label Applications



Cash / Credit Law Statute

Sec. 102.32. SALE OF LIQUOR: CREDIT RESTRICTIONS.

(c) On purchases made from the 1st through 15th day of a month, payment must be made on or before the **25th day** of that month. On purchases made on the 16th through the last day of a month, payment must be made on or before the **10th day** of the following month.

(d) Each delivery of liquor shall be accompanied by an invoice giving the date of purchase. If a retailer becomes delinquent in the payment of an account for liquor, the wholesale dealer immediately shall report that fact in writing, including by e-mail or fax to the commission or administrator. **A wholesale dealer may not sell any liquor to a retailer who is delinquent** until the delinquent account is paid in full and cleared from the records of the commission. **An account becomes delinquent if it is not paid when it is required to be paid under Subsection (c).**

Delinquent List Rule History

- 2009 - Implemented a web-based reporting system.
- 2009 - Eliminated any delay between the publication date and the effective date of delinquent list.
- 2009 - Announced plan to align the delinquent list publication date with the credit law payment due date. Through Rulemaking, TABC intends to reduce the period before the publication date by two days every year for five years.
- 2010 - Through Rulemaking, moved the publication/effective date up two days (10 to 8 days).
- 2011 - Through Rulemaking, moved the publication/effective date up two days (8 to 6 days).

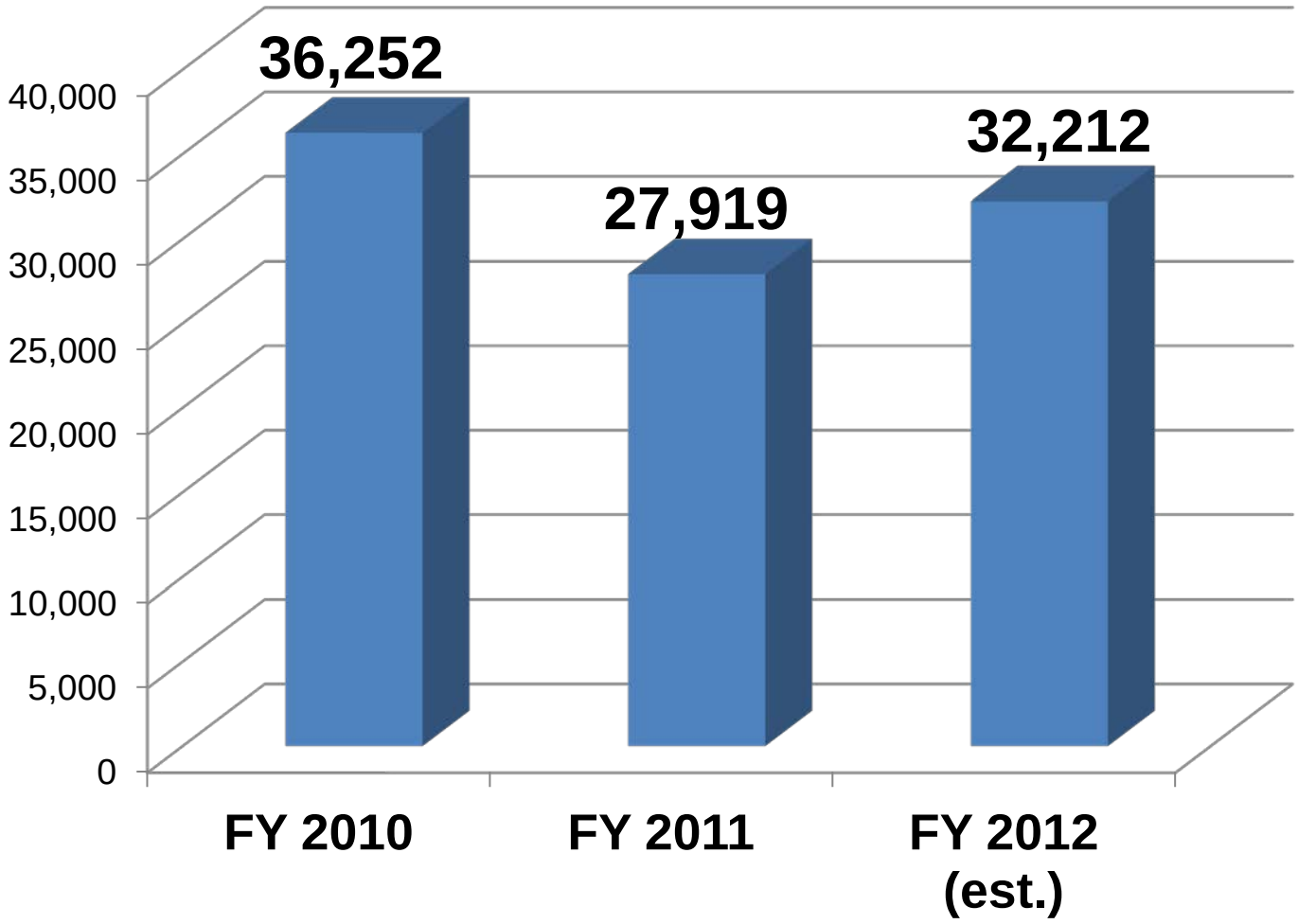
Delinquent List Current Rule

- **Rule 45.121 Effective November 10, 2011**
- 45.121 (j)(2) The Delinquent List will be **published the 3rd day of the month** for purchases made from the 1st to the 15th day of the preceding month, for which payment was not made on or before the 25th day of the preceding month. The Delinquent List will be **published the 18th day of the month** for purchases made between the 16th and the last day of the preceding month for which payment was not made on or before the 10th day of the month.
- 45.121(j)(3) The Delinquent List is effective at 12:01 A.M. on the date of publication.

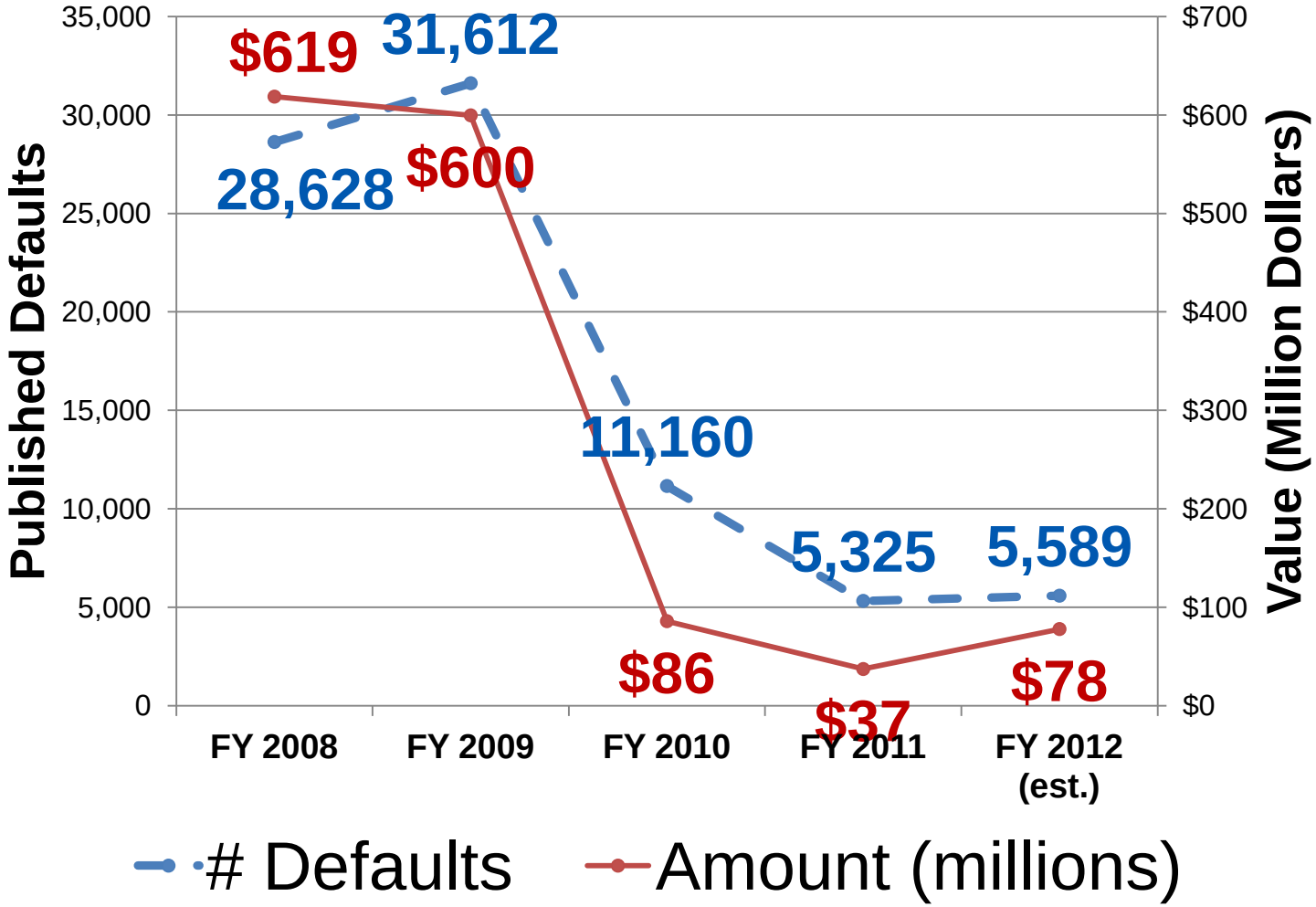
Delinquent List Future

- Rule 45.121
- Planned rule changes
  - 2012 - Move the publication date up two days (6 to 4 days).
  - 2013 - Move the publication date up two days (4 to 2 days).
  - 2014 - Move the publication date up two days to coincide with the credit law payment due date as laid out in statute 103.02 (10th and 25th day of the month).

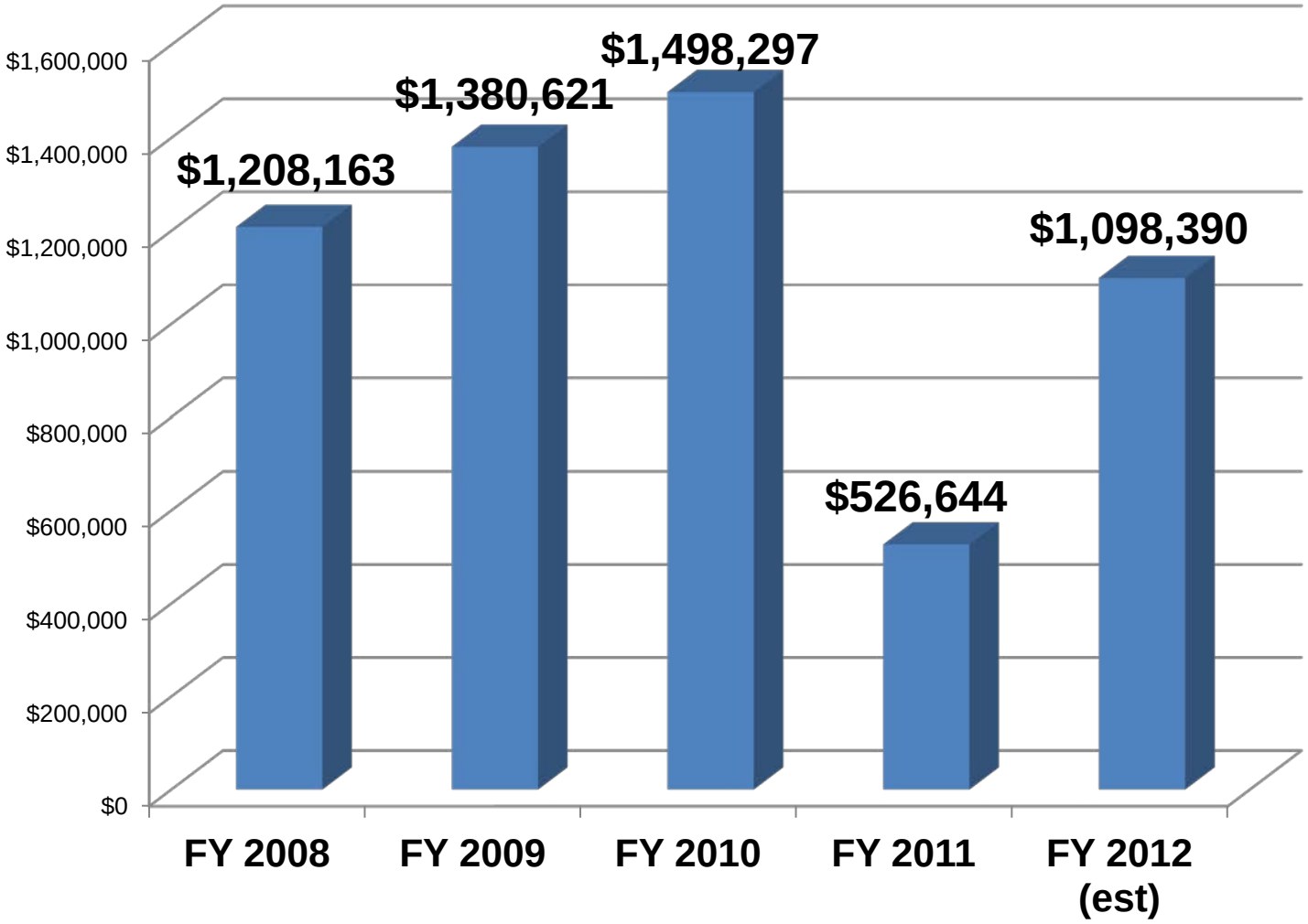
Reported Credit Law Defaults



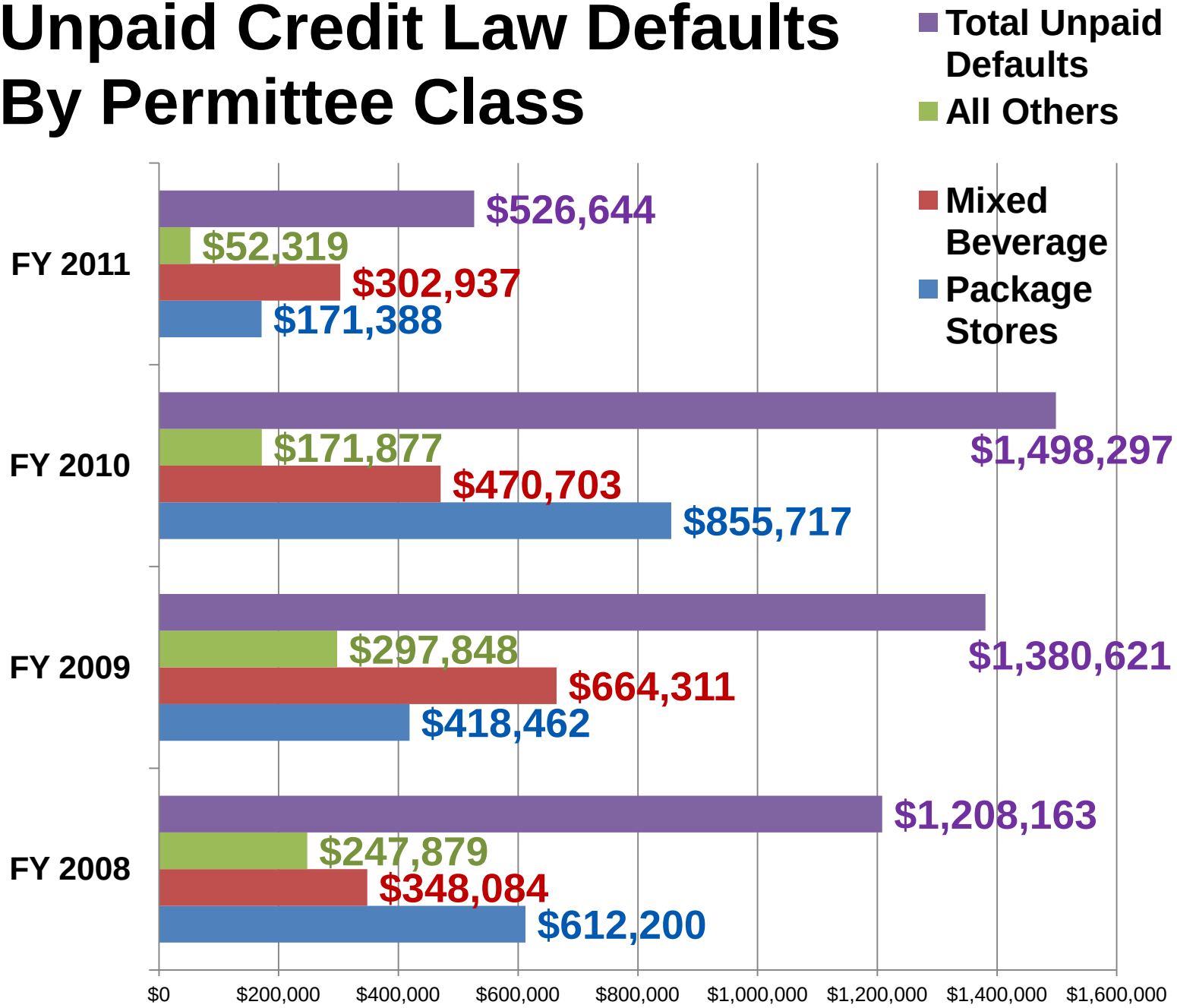
Published Credit Law Defaults



Unpaid Credit Law Defaults



Unpaid Credit Law Defaults By Permittee Class



Looking Ahead: 83rd Legislative Session

November 6, 2012 – General Election

November 12, 2012 – Pre-filing of bills

January 8, 2013 – 83rd Legislature convenes

March 8, 2013 – Last day to file regular bills

May 27 – Sine Die

June 16 – Last day Governor can sign or veto bills

LAP Interim Charge

Review the alcoholic beverage licensing and permitting process. Explore possible reforms with interested stakeholders to streamline and improve the process.

Code Inconsistencies
"Leveling the Playing Field"

AKA avoiding lawsuits the state may lose

- Wineries
- Breweries
- Brewpubs
- Distilleries

Package Store Issues

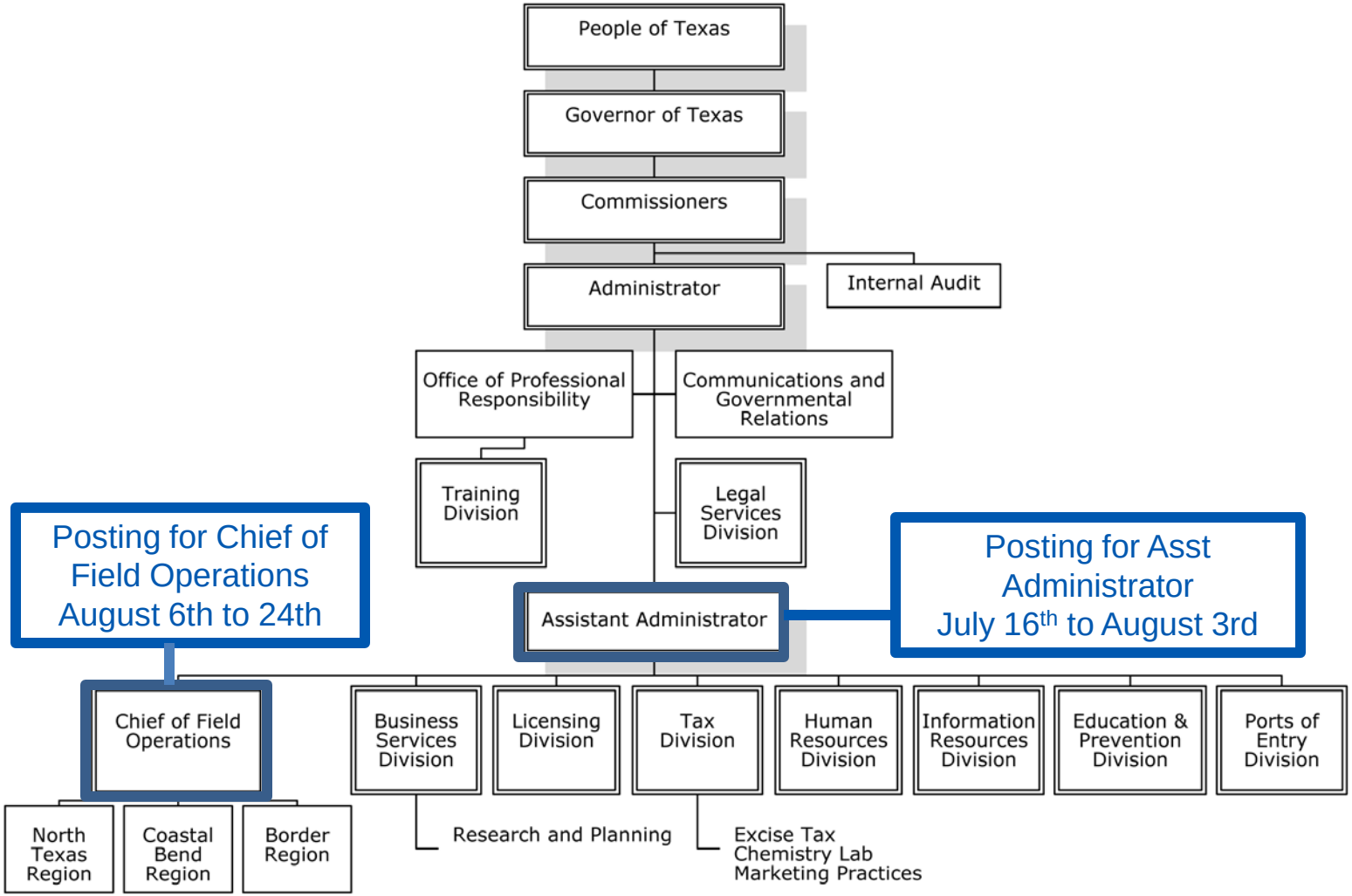
- Sunday Sales
- Limitations on Package Store Ownership
- Consanguinity Exception
- Public vs Private Ownership

Legislative Appropriations Request
Exceptional Items

FY 2014 – FY 2015

TABC General Revenue Base Request	Biennial Total
	$83,180,005
GR Exceptional Item Request	
1. 1% Health Insurance Cost	629,899
2. Data Center Services Contract Increase	113,330
3. Operational Cost Increases	2,266,958
4. Public Safety Initiatives	3,338,186
5. Ports of Entry - Regulation	1,292,115
6. IT Enhancements	2,583,285
7. Education/Prevention Programs	380,000
8. Transfer to Texas Dept of Agriculture	500,000
Total, GR Exceptional Item Request	$11,103,773
Total, TABC GR Request	$94,283,778

TABC Organization Chart



THE STATE OF TEXAS
TABC
TEXAS ALCOHOLIC BEVERAGE COMMISSION
service ★ courtesy ★ integrity ★ accountability

TEXAS PACKAGE STORES ASSOCIATION

Questions?