

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Chris McGinn, Neighborhood & Inspection Services

DATE: July 6, 2026

SUBJECT: **Consideration of an Ordinance of the Lewisville City, Amending Chapter 7, Article XVII, Sale of Alcoholic Beverages, of the Lewisville City Code by Amending Section 7-572 in Order to Clarify the Local Alcoholic Beverage Permit Application Process and Waive Certain Local Alcoholic Beverage Permit Fees; and Amending the Fee Schedule of the City of Lewisville by Amending Certain Fees Related to Alcoholic Beverage Permits; Providing a Savings Clause, Repealer, Severability, a Penalty, and an Effective Date.**

BACKGROUND

This proposed ordinance amendment updates the City of Lewisville's Code of Ordinances to comply with recent statutory changes enacted via Texas Senate Bill 1008 during the last legislative session. The legislation amended Sections 11.38 and 61.36 of the Texas Alcoholic Beverage Code, which now prohibit local governments from levying an alcoholic beverage permit fee on businesses (including restaurants, bars, and retail stores) that are already subject to a state or local food service or health permit fee.

ANALYSIS

This proposed ordinance amends Chapter 7, Article XVII, of the City of Lewisville's Code of Ordinances to comply with recent statutory changes enacted via Texas Senate Bill 1008. Specifically, the amendment waives local alcoholic beverage permit fees for any establishment that already pays a local or state fee for a food service or health permit.

Examples of establishments that will now be exempt from the local alcohol permit fee include:

- Food service establishments
- Retail food stores
- Mobile food units
- Roadside food vendors
- Temporary food service establishments

Businesses that do not hold a food or health permit, such as standalone liquor stores, do not qualify for the statutory fee waiver. The City will continue to charge these non-exempt locations a local permit fee, which is capped at half of the state TABC fee.

Note that the City will continue to issue local alcoholic beverage permits to all eligible businesses and actively administer its local permitting and compliance program. The only operational change is the City's authorization to collect a fee.

Based on Fiscal Year 2025/26 permit activity, these amendments will have a notable impact on local revenue. Under the current fee structure, the City collects local permit fees from approximately 132 alcoholic beverage permit holders. Following the implementation of this ordinance, the City will only be authorized to collect fees from the estimated 18 locations that do not qualify for the waiver.

This is expected to reduce local alcoholic beverage permit fee revenue by approximately 76%. Annual revenue would decrease from approximately \$34,335 to \$8,120, representing an estimated loss of \$26,215. Future permit fee revenues are expected to be similarly affected, though the exact annual impact will depend on the number and type of qualifying applicants.

CITY STAFF'S RECOMMENDATION

That the City Council approve the ordinance as set forth in the caption above.