



TABC

Private Club Wine & Malt Beverage Permit (NB)

Know Your Role As A

**Private Club Wine & Malt Beverage
Permit**



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TABC wants your business to prosper. One part of your success is understanding how Texas law affects your business. We've designed this course to provide the basics of what you can and cannot do with your business. This is a summary of your responsibilities and is not meant to be an exhaustive list. Please see the [Alcoholic Beverage Code](#) (Code), [TABC Administrative Rules](#) (Rules) and our [Marketing Practices Advisories](#) for more details.



What Is A Private Club Wine & Malt Beverage Permit And Why Do I Need One?

A Private Club Wine & Malt Beverage Permit (or, “NB Permit”) allows you to operate in certain parts of the state that otherwise do not allow some or all types of alcohol sales. The Texas Constitution lets cities and counties determine whether to allow alcohol sales. A city or county’s options include legalizing the following sales:

- Malt beverage for off-premise consumption only.
- Malt beverage for off- and on-premise consumption only.
- Wine and malt beverage for off-premise consumption only.
- Wine and malt beverage for off- and on-premise consumption only.
- All alcoholic beverages for off-premise consumption only.
- All alcoholic beverages except mixed beverages.
- Alcoholic beverages including mixed beverages.
- The legal sale of mixed beverages.
- The legal sale of mixed beverages in restaurants by food and beverage certificate.

Your Private Club Wine & Malt Beverage Permit allows you to serve for on-premise consumption even if in a county that does not otherwise permit it if you follow certain regulations described in this course.



What Can I Do With My Permit?

Basics Activities Allowed Under Your Permit:

- Purchase wine and malt beverages from authorized businesses.
- Serve those alcoholic beverages to members and guests at the club.
- Provide normal food service to members and guests at the club.
- If you're a restaurant (we define that below), serve members alcohol to-go if with food service.

Your Members:

- Form the club as an association driven towards a common objective (fraternal, social, religious, charitable, etc.).
- Invite up to three guests at a time to enjoy the club, provided that the guests should always stay with a member and are not allowed to purchase alcohol from the club (the member is responsible for the cost of the alcohol service).
- Implement a locker system that lets members store their own alcoholic beverages for consumption at the club.
- May allow non-members to enjoy the club as temporary members through the issue of temporary memberships.



Who Can I Buy Wine and Malt Beverages From?

As a private club, you can only purchase types of alcohol from certain businesses. First, you cannot buy alcohol from retailers like grocery stores or convenience stores. That is unlawful and may result in administrative sanctions against your permit. Here are the types of businesses you can buy from:

Malt Beverages can be purchased from businesses that hold these licenses:

- General (BB) and Branch Distributors (BC)
- Brewer's Self-Distribution License (SD)
- Package Store Permit (P) with a Local Distributor's Permit (LP)

Malt beverage purchases are subject to “cash law”. For more information, see TABC’s **Cash and Credit Law Module**.

Wine can only be purchased from a Package Store (P) that holds a Local Distributor’s Permit (LP). See Rule 41.51.

Wine purchases are subject to “credit law.” For more information, see TABC’s **Cash and Credit Law Module**.



TABC

Private Club Wine & Malt Beverage Permit (NB)

Purchasing Alcohol As a Private Club

A Private Club purchases alcoholic beverages on behalf of its members, who collectively own the purchased alcohol. Thus, a member technically does not purchase the alcoholic beverages they enjoy at the club. Instead, the club serves the alcohol including setups (ice, mixes, etc.) and charges a service charge to the member.

When you first open your private club, you will need to purchase an inventory of alcoholic beverages. How can you do that?

- Your original bar stock can be purchased with money assessed equally from your club's original (charter) members; or
- it can be funded by a loan to the club by a third party (like a bank) guaranteed by all club members.

A loan for the original purchase may be repaid from the alcoholic beverage replacement account based on the contractual agreement for the loan.



Purchasing Alcohol As a Private Club

A Private Club has two systems for replenishing its alcohol inventory:

Equal Assessment Pool System

In this system, a Private Club pays for its alcohol purchases by collecting equal payments from each club member for the alcohol purchases. This recurring assessment fee should be established in your club's by-laws and may be monthly, quarterly, etc. as determined by your by-laws. Your governing body can increase or decrease the fee amount as needed. Any changes in the assessment amount must be documented in your club minutes. No money from any other source can be used by the club to purchase alcohol.

Pool Percentage Replacement Account System

Under a replacement account system, the club sets aside a percentage of all service fees collected that will be dedicated solely for the purchase of alcohol. This percentage amount should be established in your club's by-laws. Your governing body can increase or decrease the percentage amount as needed. Any changes in the assessment amount must be documented in your club minutes. No money from any other source can be used by the club to purchase alcohol.



TABC

Private Club Wine & Malt Beverage Permit (NB)

Invoices

As a private club, you may only possess and store alcoholic beverages purchased from a valid wholesaler tier permit holder (see Slides Nos. 5 & 6). You are required to keep at your club a copy of all invoices for any alcoholic beverage purchase you have made, and you must keep these records for at least two years. A club representative must sign any invoice upon delivery **and acceptance** of the product. Alcohol invoices are subject to inspection by TABC personnel at any time.

Locker System

A club can operate a locker system of storage that lets members bring their own alcohol into the club. Any type of alcohol can be stored in a locker. Members participating in the locker system must rent the locker from the club. The club may charge members a service fee in conjunction with any alcohol used from their lockers.

Alcoholic beverages are not permitted to leave your premises. Exception: The remaining portion of an open or closed bottle of wine ordered with food is allowed to be removed by the member, temporary member or member's guest of the private club. Closed container or permanently sealed container of alcohol with a food order to go may also be taken off the premise.



What Do I Need To Know About Bonds?

Conduct Surety Bond: \$5,000

You are required to file a \$5,000 conduct surety bond with TABC through a qualified surety company. You risk forfeiting the surety bond if you violate TABC laws or rules. Here are more details on conduct surety bond forfeiture:

- If your permit is canceled by TABC, you forfeit the bond, and the surety company, bank, or credit union is obligated to pay TABC the \$5,000.
- If your business has been found to have committed three different violations of law or rule, you forfeit your bond.
- You have the right to request a hearing on the bond forfeiture within 30 days of receiving notice.

Under most circumstances, you are only required to post a conduct surety bond for the first three years of your business if you have not had any Code or rules violations.

Note: If you apply for and acquire a Food and Beverage Certificate, you are not required to post a Conduct Surety Bond. See Food and Beverage Module for more details.



When Can I Be Open?

Regular Hours of Service

Your permit allows you to serve alcohol during these hours:

- **Monday through Friday: 7 a.m. to midnight**
- **Saturday: 7 a.m. to Sunday 1 a.m.**
- **Sunday: 10 a.m. to noon *with food service*, or noon to midnight otherwise.**

Your business can stay open until 2 a.m. every day if allowed by your local jurisdiction. If you wish to remain open during these late hours, you need to apply for a Late Hours Certificate (LH) from TABC.

What Can I Do After Closing Time?

You cannot serve or consume any alcoholic beverage 15 minutes after closing. You are responsible for ensuring this is strictly followed. You and your staff are not required to leave the club and can stay to clean up or do office work.



TABC

Private Club Wine & Malt Beverage Permit (NB)

Regular Food Service

As a private club, you must provide regular food service adequate for your members and guests. Here is the formal language of the rule that defines the term:

Food service. A private club shall provide regular food service adequate for its members and their guests. The term "food service adequate for its members and their guests" shall mean that meals shall be available on the club premises for service to members, their families, and guests. The food service requirement may be fulfilled using a concession or catering agreement with an outside vendor. Prepared food must be available upon request and must be delivered and served at the licensed premises. Payment for food service must be made to the private club.



Membership Committee

As a private club, you must form and maintain a membership committee. Here are more details on membership committee requirements:

- The membership committee must be established by the club's bylaws or charter, which should define the committee's authority to approve or reject membership applications, as well as to terminate existing memberships.
- Your club's governing board can also serve as the membership committee.
- It must have at least three members, who all must be club members.
- Paid club management or employees cannot serve as committee members, although employees may provide administrative support to the committee, such as scheduling and record-keeping.
- You must keep written minutes of each membership committee meeting, including names of committee members present, names of anyone admitted into membership, and names of anyone whose membership was terminated.
- The chair (or a designee) of the membership committee can offer a preliminary membership to an applicant for up to seven days without approval of the full committee. A preliminary membership allows the applicant to consume alcohol upon completion of the preliminary application pending approval into membership.



TABC

Private Club Wine & Malt Beverage Permit (NB)

Business Records Requirements

As a private club, you have numerous business and record-keeping obligations. It is important for you to understand that these record requirements are mandatory to ensure compliance. The following slides provide a basic overview of these requirements. Refer to the relevant portions of Chapter 32 of the Alcoholic Beverage Code as well as certain rules in Chapter 41 of TABC's administrative rules for further detail.

Membership Requirements

You are required to have a certain number of permanent members to keep your permit active. At all times, you must maintain the following:

- At least 50 members of the club must reside in the county in which the premises of the club is located, or
- At least 100 members must reside in an area comprised of the county in which the premises of the club is located and an adjacent county or counties.



What About Sales at Temporary Events?

- Notify or get TABC approval in advance depending on the type of event you're holding.
- For small private events, you must submit a File and Use Notification (FUN) form to TABC.
- For larger, public events, you must seek TABC approval using a Temporary Event Approval (TEA) request form. Submit TEA event requests at least 10 days in advance or you'll risk paying a late filing fee.
- **Patrons served at a temporary event must be made members of the private club or be issued temporary members cards before being served alcohol.**
- See our [Temporary Event Authorization page](#) for more specific information about criteria for the File and Use Notification and the Temporary Event Approval requests and the steps for applying.



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Private Club Exemption Certificate (NE)

What Is a Private Club Exemption Certificate?

The Alcoholic Beverage Code treats private clubs run by certain non-profit organizations differently than for-profit entities. TABC issues these non-profits a Private Club Exemption Certificate. To see which non-profits, qualify, see Section 32.11 of the Code to determine whether your club can be treated as either a fraternal or veterans' organization.

The Private Club Exemption Certificate gives you certain benefits:

- Your club does not pay the \$2,600 annual fee that normal private clubs must pay.
- Your club is not required to provide food service to members and guests.
- Guests of members can pay for their alcoholic beverages using cash (or credit cards).
- The standard requirements for the locker system and pool system do not apply. The purchase of alcohol may be paid from any funds of the club.



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Private Club Wine & Malt Beverage Permit (NB)

What Else Do I Need to Know?

License and Sign Posting

You must always display your permit in a publicly visible place. TABC will determine which [signs](#) you must post at your establishment from information provided on your original application, as well as your renewal applications.

Employees

The minimum age is 18 for your employees to prepare, serve or otherwise handle an alcoholic beverage. Minor employees cannot engage in sales or otherwise handle alcohol products.

License Renewal

Your license is valid for two years from the date its issued. You're responsible for renewing your license or permit before it expires. You can apply for renewal starting 30 days before your license's expiration date. TABC will send you a notice of renewal.

TABC Inspections

Any TABC authorized representative or other peace officer has the right and authority to enter and inspect your entire premises for violation(s) of the Texas Alcoholic Beverage Code or TABC Rules.

Inspection refusal is a violation of the Alcoholic Beverage Code and class A misdemeanor.



TABC

Private Club Wine & Malt Beverage Permit (NB)

Public Safety Considerations

You're responsible for maintaining public safety at your facility. This includes maintaining order among customers and with staff. Make sure your employees are aware of these requirements and call law enforcement when you need assistance. Public safety violations can result in administrative sanctions — potentially even cancellation of your permit.

Serving Minors

You are responsible for ensuring that your employees do not sell, serve or give alcoholic beverages to anyone younger than 21. **Check IDs.** The only exception is if the minor is in the visible presence of a parent, spouse over 21 or legal guardian. Valid proof of identification may include a: state-issued driver's license or ID card issued by the Texas Department of Public Safety, passport or military ID card.

Serving People Who Are Intoxicated

The same principle applies to customers who are intoxicated. **Don't overserve.** If a customer enters your business inebriated, provide water or soft drinks but not alcohol. If you refuse service to an intoxicated person, make sure another patron isn't ordering drinks for the person.

Reporting Breaches of the Peace

Texas law requires a license or permit holder to report any breach of the peace — a disturbance, fight or other violent act — to TABC within five calendar days of the incident. You must report any breach involving a shooting, stabbing, murder or incident resulting in serious bodily injury within 24 hours of the incident.



Safe Harbor Protection

Safe Harbor

- Depending on the violation history of your permit, the actions of your employee may not be attributable to you (the employer) and you may claim an exemption from administrative action (e.g., penalties and/or suspension) if:
 1. The employer requires all personnel engaged in the sale, service or delivery of alcoholic beverages, including managers, to successfully complete a commission-approved seller-server training program within 30 days of their initial employment.
 2. The employer has a written policy for responsible alcohol service and consumption read by each employee.
 3. The employee that has committed the violation has completed the program and has a current certificate before the violation.
 4. The employer has not directly or indirectly encouraged the employee to violate such law.
 5. The person that committed the violation is not the permit holder.

Seller-Server Training

- The program covers the laws concerning the sale or service of alcoholic beverages to minors and intoxicated persons, as well as techniques that may be used to prevent such sales.
- TABC approves [seller-server training programs](#) sponsored and taught by private businesses.



What Other Programs are Available?

Retailer Education and Awareness Program – REAP

[REAP](#) provides owners, managers and general employees of retail establishments continued education to help them follow the state's alcoholic beverage laws.

Texas Responsible Alcohol Delivery Training – TRAD

TRAD is specifically for delivery drivers who will be delivering alcoholic beverages directly to consumers. Trainees must be 21 or older at the time of registration and have a valid driver's license.



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Private Club Wine & Malt Beverage Permit (NB)

What Other Modules Should I Take?

You have now completed the Know Your Role module. Please proceed to the following modules for additional guidance for your permit.

- **Food and Beverage Module** – What is required of my food and beverage certificate?
- **Cash and Credit Law Module** – What is cash and credit law?
- **Marketing Practices Module** – What marketing promotions and advertisements are allowed?



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Private Club Wine & Malt Beverage Permit (NB)

Questions?

Please contact your local TABC office.

tabc.texas.gov/contact-us/