

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 30, 2003**

**TO:** Honorable Ron Wilson, Chair, House Committee on Ways & Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB855** by West, George "Buddy" (Relating to the application of the sales tax to certain bingo equipment.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB855, As Introduced: a negative impact of (\$286,000) through the biennium ending August 31, 2005.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$127,000)
2005	(\$159,000)
2006	(\$166,000)
2007	(\$173,000)
2008	(\$180,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties/Special Districts</i>
2004	(\$127,000)	(\$21,000)	(\$8,000)	(\$3,000)
2005	(\$159,000)	(\$29,000)	(\$11,000)	(\$4,000)
2006	(\$166,000)	(\$31,000)	(\$11,000)	(\$4,000)
2007	(\$173,000)	(\$32,000)	(\$11,000)	(\$4,000)
2008	(\$180,000)	(\$33,000)	(\$12,000)	(\$4,000)

**Fiscal Analysis**

The bill would create Section 151.3105 of the Tax Code to exempt bingo equipment, as defined by Section 2001.002 of the Occupations Code, from the sales tax. To qualify for the exemption, the equipment would have to be purchased by an organization licensed to conduct bingo under Chapter 2001 of the Occupations Code. The organization also would have to be exempt from the payment of federal income taxes, and the equipment would have to be used exclusively to conduct bingo.

The bill would take effect October 1, 2003.

**Methodology**

The bill would exempt bingo equipment purchased and used by those conducting bingo games. Qualifying organizations would include fraternal, nonprofit, veterans', and religious organizations

licensed to conduct bingo games in Texas, as well as other authorized organizations licensed to conduct such games.

The estimated annual sales in Texas of items proposed for exemption was multiplied by the state sales tax rate, extrapolated through 2008, and adjusted for an effective date of October 1, 2003. The fiscal impacts on units of local government were estimated proportionally.

### **Local Government Impact**

Local units of government would have a corresponding fiscal impact from sales tax revenues, as indicated in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

**LBB Staff:** JK, SD, WP, SM