

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1317 by Haggerty (Relating to the authorization and regulation of progressive bingo games.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1317, As Introduced: a positive impact of \$2,616,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$1,132,000
2005	\$1,484,000
2006	\$1,466,000
2007	\$1,449,000
2008	\$1,432,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>All Local Units of Government</i>
2004	\$1,132,000	\$1,065,000
2005	\$1,484,000	\$1,394,000
2006	\$1,466,000	\$1,376,000
2007	\$1,449,000	\$1,359,000
2008	\$1,432,000	\$1,342,000

Fiscal Analysis

The bill amends the Occupations Code by authorizing and defining "progressive bingo" and authorizing higher prize levels for progressive bingo games separate and apart from regular bingo games. The bill provides for the regulation of progressive bingo and exempts the prizes for a progressive bingo game from the \$750 per game maximum payout. Prizes paid out for a progressive bingo game would not be included in the aggregated amount paid out per bingo occasion.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Methodology

The number of bingo occasions has been declining slightly over time and is expected to decline by 1 to 2 percent annually. Likewise, the number of bingo occasions paying the current maximum prize of \$2,500 are expected to decline by 2 to 3 percent annually, in line with current trends.

Progressive bingo, in which jackpots can be increased by rolling over until a winner is declared, could stimulate new interest. The baseline total prize payout, of which the state and local jurisdictions receive 5 percent, was estimated. Then, an estimate was made of total prizes paid with progressive bingo, after which the difference between the two scenarios was attributed to the addition of progressive bingo. Increases in the sale of pull-tab bingo and the bingo site rental tax were estimated to increase proportionally with the increased number of occasions and players.

The lower numbers for fiscal 2004 are due to phase-in. The gains to local jurisdictions reflect the 50 percent of bingo prize fees allocated to local governments that imposed a bingo gross receipts tax in 1993.

Local Government Impact

The Comptroller estimates a gain to local governments each year because local governments that imposed a gross receipts tax in 1993 are allocated 50 percent of the state bingo prize fees that are collected within their boundaries. The magnitude of revenue gain for a particular unit of local government is not known, given that this would depend upon the number of progressive bingo games conducted within a certain local jurisdiction.

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

LBB Staff: JK, JO, JRO, RT