

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

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

**April 9, 2003**

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

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

**IN RE: HB1407** by Hupp (Relating to the exhibition of amusement redemption machines by certain nonprofit organizations and others where approved by local option.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would add a new subchapter to Chapter 2153 of the Occupations Code, relating to the exhibition of amusement redemption machines.

The bill would only allow a person holding a license to conduct bingo to be able to exhibit amusement redemption machines. Each amusement redemption machine would be registered with the Comptroller, and the owner would obtain a separate license to exhibit amusement redemption machines. An election would have to be held in a political subdivision, with approval by a majority of voters for such machines to be exhibited in the subdivision. An amusement redemption machine could not be exhibited to a user younger than 18 years of age.

An amusement redemption machine being exhibited to users would be imposed a \$350 registration fee per year. An owner who owned one or more amusement redemption machines would pay \$10,000 per 100 machines or any fraction of 100 machines.

The bill would exclude machines that award the user noncash merchandise prizes, toys, or novelties solely and directly from the machine, including claw, crane, or similar machines, or from which the opportunity to receive noncash merchandise prizes, toys, or novelties, or a representation of value redeemable for those items, varied depending upon the user's skill.

The bill would amend various sections in Chapter 47 of the Penal Code relating to the defense of prosecution for gambling offenses.

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.

For reference, the Coin Operated Machine Business License Fee currently generates less than \$900,000 a year.

**Local Government Impact**

If the governing body of a county, justice precinct, or municipality is petitioned by the voters and the county clerk verifies the petition, the governing body shall order an election regarding authorizing amusement redemption machines. The governing body may also call an election for this purpose on its own motion. An election ordered shall be held on the next uniform election day that occurs not earlier than the 45th day after the date the petition is certified. Notice must be sent to the Comptroller of Public Accounts that an election has been ordered.

Verification of a petition and notifying the Comptroller would have an insignificant fiscal impact. Because an election would be held on a uniform election day, the only additional costs would be for

adding the issue to the ballot, which would also be insignificant.

There may also be a decline in bingo prize fee allocations to the local jurisdiction. The amount would vary by jurisdiction.

No significant fiscal impact to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 466 Office of Consumer Credit Commissioner

**LBB Staff:** JK, JRO, WP, SD, DLBa