

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: HB2441 by Flores (Relating to the regulation of amusement redemption machines.), **As Introduced**

No significant fiscal implication to the State is anticipated.

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

The bill would define amusement redemption machines as the coin-operated machines that only give the user noncash merchandise prizes with a value not to exceed \$5 or 10 times the amount charged to play the machine once, whichever was less. Machines that awarded the user noncash prizes directly from the machines, or machines that rewarded the user based on skill would be excluded.

The Comptroller would adopt rules for regulating the exhibition, display, operation, promotion, and use of amusement redemption machines.

The occupation tax imposed on each amusement redemption machine would be \$120 per year, as compared to the \$60 per year tax that otherwise would be applicable. The annual fee for a general business license issued for a business that involved amusement redemption machines would be \$2,000 for an applicant without regard to the number of amusement redemption machines covered by the license.

This 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

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JK, JRO, WP, SD, DLBe, KG