

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 1, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2519 by Flores (Relating to bingo regulation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2519, As Introduced: an impact of \$0 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	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from LOTTERY ACCT 5025	Change in Number of State Employees from FY 2003
2004	\$1,087,979	(\$1,087,979)	\$404,943	11.0
2005	\$1,113,702	(\$1,113,702)	\$418,202	11.0
2006	\$1,140,299	(\$1,140,299)	\$431,909	11.0
2007	\$1,167,801	(\$1,167,801)	\$446,085	11.0
2008	\$1,196,240	(\$1,196,240)	\$460,742	11.0

Fiscal Analysis

The bill would amend the Government Code by creating a three member Bingo Policy Board with primary oversight of bingo operations. Members of the board would be appointed by the Governor with the advice and consent of the Senate and would serve staggered six-year terms. The board would also hire a bingo division director to administer the bingo division.

The bill would also amend the Occupations Code to require the bingo division to maintain a security division, issue advisory opinions regarding compliance with bingo regulations and Bingo Policy Board rules, and create a manufacturer gross receipts tax on the sale of certain bingo equipment.

The bill would require the Lottery Commission to set a tax rate on manufacturers of bingo equipment

based on their sales to Texas distributors and this rate would be equivalent to what would have been received if bingo equipment were subject to the sales tax imposed by Chapter 151 of the Tax Code.

The bill would take effect September 1, 2003.

Methodology

The Lottery Commission estimates the need for eleven additional full-time-equivalent positions (FTEs) to implement the provisions of the bill. The Commission would need 13 FTEs to staff the required bingo security division. The new division would maintain 10 investigators (six transferred from the lottery division) stationed in five regional offices currently maintained by the bingo division. An estimated three FTEs would be needed by the bingo legal division to prepare advisory opinions, conduct administrative hearings and assist the new Bingo Policy Board with the adoption of new rules. An additional informational technology FTE would also be needed to initiate, test and maintain programming support for implementing the provisions of the bill.

The Comptroller estimates the bill would not be expected to affect bingo tax revenues because the commission would be required to set the tax rate for the sale of bingo equipment in accordance with taxes currently imposed by the Tax Code. The tax on manufacturers of bingo equipment would tend to offset losses from exempting bingo equipment sold to certain entities from the existing sales tax.

It is assumed the agency would adjust fees to offset any revenue loss or increased cost associated with the implementation of the bill.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission
LBB Staff: JK, JO, JRO, RT