

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 12, 2003

TO: Honorable Robert Talton, Chair, House Committee on Urban Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3236** by Smith, Todd (Relating to the regulation of alarm systems and alarm systems companies.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code as it relates to fees and penalties a municipality may charge if a municipality adopts an ordinance that requires a person to pay an annual fee to obtain a permit before the person may use an alarm system in the municipality. The bill would take effect September 1, 2003.

Current law authorizes up to \$50 for an annual alarm permit fee and up to \$50 as a penalty for each false alarm after five false alarms. Current law prohibits imposing a penalty until the number of false alarms exceeds five. The proposed amendment to statute would authorize a municipality to charge up to \$50 annually for a residential alarm permit and up to \$100 annually for a commercial alarm permit. Further, the proposed amendment would add that a penalty may be imposed if there have been at least three previous false alarms. Fines would be at a rate of \$50, \$75, and \$100 depending on the number of false alarms and over what period of time they occur. The municipality would be authorized to revoke an alarm permit if a location has eight or more false alarms in a 12-month period.

The City of Carrollton reports that in fiscal year 2002, the city issued 8,222 alarm permits and issued 11 false alarm citations. A total of \$255,303 was collected for permit fees and false alarm fines.

The City of Dallas, in calendar year 2002, had 72,598 alarm permits on file. The police department recorded 7,652 false alarms and the fire department recorded 9,000 false alarms.

The City of Fort Worth issued 3,991 residential alarm permits and 1,120 commercial permits in fiscal year 2002, and received 61,738 false alarms. Fort Worth reports that if all of the fees and fines allowed under the proposed fee/fine structure were to be imposed at maximum amounts, the city would realize a revenue increase of \$2.42 million annually.

The City of Houston issued 135,000 residential permits and 41,400 non-residential permits in 2002, and received 123,600 false alarms.

Each of the cities listed reports that, if the maximum fees and fines were implemented, there would be a revenue increase, but it would not be a significant portion of the municipality's overall budget.

Local Government Impact

The amount of additional revenue generated would vary by municipality, depending on the number of alarm permits issued, what type of permits are issued, and the number of false alarms. No significant fiscal implication to units of local government is anticipated.

Source Agencies:

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