

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 9, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB193 by Eissler (relating to requiring the registration of certain containers of alcoholic beverages; providing criminal penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB193, Committee Report 1st House, Substituted: a negative impact of (\$225,894) through the biennium ending August 31, 2007.

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
2006	(\$138,497)
2007	(\$87,397)
2008	(\$87,397)
2009	(\$87,397)
2010	(\$87,397)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$138,497)	1.0
2007	(\$87,397)	1.0
2008	(\$87,397)	1.0
2009	(\$87,397)	1.0
2010	(\$87,397)	1.0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code as it relates to requiring the registration of certain containers of alcoholic beverages and provides criminal penalties.

Section 1 of the bill would require the Alcoholic Beverage Commission (TABCO) to prescribe and furnish keg registration labels and keg registration declaration and receipt forms. These provisions would apply to kegs sold by a retailer to an ultimate consumer. The bill would make it a Class C Misdemeanor for anyone other than a license or permit holder to possess a keg containing an alcoholic beverage that does not have a keg registration label affixed to the keg. It would also be a Class C Misdemeanor for anyone other than the purchaser of the keg or another authorized person to remove, alter, deface, or obliterate the keg registration label affixed to a keg.

Section 2 of the bill would require TABC to adopt all rules, forms, and labels necessary to implement the bill no later than June 1, 2006. A license or permit holder authorized to sell alcoholic beverages would not be required to comply with the requirements until June 1, 2006.

The bill would take effect September 1, 2005.

Methodology

The provisions of the bill would authorize the creation of a keg registration label and forms. TABC estimates that 401,000 kegs are sold annually for off-premises consumption. TABC reports the keg registration labels and forms will be ordered in lots of 100 and anticipates an average mailing cost per order of \$3.76. The total mailing cost would be \$15,078 $((401,000/100) \times \$3.76)$ per 401,000 keg registration labels and forms mailed. Printing costs were estimated by TABC to be \$16,842 $(401,000 \times \$.042)$ for keg registration labels and \$5,213 $(401,000 \times \$.013)$ for keg registration forms. The total cost to TABC for printing and mailing the keg registration labels and forms under the provisions of the bill would be \$37,133 $(\$15,078 + \$16,842 + \$5,213)$ in each fiscal year.

Technology costs include \$58,760 in fiscal year 2006 for contract programming services and lease of computers, and \$8,760 in subsequent fiscal years for on-going maintenance and lease of computers. TABC reports 1 additional full-time-equivalent position would be needed to process the keg registration labels and that \$42,604 would be needed in fiscal year 2006 and \$41,504 in subsequent fiscal years for salaries, benefits, rent, and other expenses.

Technology

The technology costs for fiscal year 2006 include \$58,760 for contract programming services and lease of computers for the TABC to make appropriate modifications. The technology costs for subsequent fiscal years is \$8,760 for on-going maintenance and lease of computers.

Local Government Impact

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

Source Agencies:

LBB Staff: JOB, JRO, VDS, SJ