LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 21, 2005

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: **HB273** by Farrar (Relating to the regulation of certain alcoholic beverage retailers; providing an administrative penalty.), **Committee Report 2nd House, As Amended**

Estimated Two-year Net Impact to General Revenue Related Funds for HB273, Committee Report 2nd House, As Amended: a negative impact of ($332,695) 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	($180,364)
2007	($152,331)
2008	($152,331)
2009	($152,331)
2010	($152,331)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *GENERAL REVENUE FUND* 1	Change in Number of State Employees from FY 2005
2006	($180,364)	3.0
2007	($152,331)	3.0
2008	($152,331)	3.0
2009	($152,331)	3.0
2010	($152,331)	3.0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to prohibit a person who is related within the fourth degree by consanguinity or affinity to a person against whom a proceeding is pending or a person whose permit has been suspended or canceled from applying for a permit or license for the premise covered by the wine and beer retailer's permit or retail dealer's on-premises license while the proceeding is pending or for a period of two years from the date of suspension or cancellation. This provision would only apply in a county with a population of 1.4 million or more.

The bill would also establish an administrative penalty for false or misleading statements in certain applications. The penalty would apply only to an original or renewal application in a county with a population of 1.4 million or more and the penalty could not exceed $4,000.

A person who applies for a wine and beer retailer's permit or retail dealer's on-premises license in a county with a population of 1.4 million or more would be required to file a surety bond with the Alcoholic Beverage Commission (TABC). The bill would also require a hearing not later than 60 days after receiving notification regarding the suspension or cancellation of a permit.

The bill would allow licensees with no violations in the previous year the option of renewing their licenses every two years, rather than annually. TABC would be required to double the amount of fees and surcharges for a permit with a two-year term. TABC would also be allowed to issue a permit with an expiration of less than two years in order to maintain a reasonable annual distribution of renewal application review work and permit fees. Any permits issued by TABC for less than two years would be required to have fees prorated on a monthly basis so that the permit holder would pay only for the months in which the permit was valid.

The bill also would change the requirements for surety bonds as required by TABC.

The bill would take effect September 1, 2005.

Methodology

According to the 2000 federal census, only Harris County, Tarrant County, and Dallas County meet the population requirements of the bill. TABC reports that there are currently 2,775 wine and beer retailer's permits and 521 retail dealer's on-premises licenses in Harris County, Tarrant County, and Dallas County. The revenue that might be generated from the forfeiture of bonds or administrative penalties that may be imposed cannot be estimated and are not included in this analysis.

TABC estimates there would be an increase in the number of administrative hearings as a result of implementation of the bill. To address the increase in hearings, the Legal Division is allocated costs of $8,600 for equipment and furnishings in fiscal year 2006, and $108,845 in salaries (2 FTEs), benefits, and operating costs in fiscal year 2006. In subsequent fiscal years, the salaries, benefits, and operating costs would continue at $102,090, which includes $1,000 in professional fees for transcripts from the hearings. To address licensing qualifications and bond requirements, the Licensing Division is allocated total costs for one additional full-time-equivalent Accounts Examiner IV position at $62,919 in fiscal year 2006 and $50,241 in subsequent fiscal years.

The total cost would be $180,364 in fiscal year 2006 and $152,331 in subsequent fiscal years.

Technology

Technology costs include $5,000 in fiscal year 2006 for programming systems to comply with the provisions of the bill.

Local Government Impact

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

Source Agencies: 458 Alcoholic Beverage Commission

LBB Staff: JOB, DLBa, JRO, VDS, LM, SJ