

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 15, 2005

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

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

IN RE: HB275 by Farrar (Relating to the application fee for a wine and beer retailer's permit.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB275, As Introduced: a positive impact of \$1,192,000 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$542,000
2007	\$650,000
2008	\$650,000
2009	\$650,000
2010	\$650,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2006	\$542,000
2007	\$650,000
2008	\$650,000
2009	\$650,000
2010	\$650,000

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to increase the annual state fee for a wine and beer retailer's permit from \$175 to \$1,000 for an original permit. The annual renewal fee would remain \$175. The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. If the bill does not receive the vote necessary for immediate effect, the bill would take effect September 1, 2005.

Methodology

Currently, a person pays a \$175 annual fee for a wine and beer retailer's permit. The bill would increase this fee by \$825 (\$1,000 - \$175) to \$1,000. The Comptroller's Office reports that the Alcoholic Beverage Commission issues an average of almost 1,200 original permits annually. For fiscal year 2006, the Comptroller's Office adjusted revenue estimates for the 1,200 original permits issued annually for implementation and collection lags as well as for possible behavioral changes by

permit applicants in response to the proposed fee increase. As a result, the Comptroller's Office estimated that the state would gain \$542,000 in General Revenue under the provisions of this bill during fiscal year 2006.

For fiscal years 2007-10, the Comptroller's Office only adjusted the 1,200 original permits issued annually by the Alcoholic Beverage Commission for behavioral changes by permit applicants in response to the proposed fee increase. Thus, the Comptroller's Office estimated that the state would gain \$650,000 annually in General Revenue under the provisions of the bill for fiscal years 2007-10. The Comptroller's Office also assumed that the bill would take effect September 1, 2005.

Local Government Impact

The Comptroller's Office states that city and county governments may each levy a local fee of up to one-half of the state fee. The fiscal implications to cities and counties would depend upon the number of entities that modify their local fees in response to the increase in the state fee.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

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