

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 19, 2005

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

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

IN RE: HB1679 by Bailey (Relating to requiring certain persons providing services to alcoholic beverage permit or license applicants to post a surety bond.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1679, As Introduced: a negative impact of (\$258,662) 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	(\$144,181)
2007	(\$114,481)
2008	(\$114,481)
2009	(\$114,481)
2010	(\$114,481)

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	(\$144,181)	2.0
2007	(\$114,481)	2.0
2008	(\$114,481)	2.0
2009	(\$114,481)	2.0
2010	(\$114,481)	2.0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to require certain persons providing services to alcoholic beverage permit or license applicants to post a surety bond.

The bill would require a person who routinely offers their service for compensation to a permit or license applicant for the purposes of assisting the applicant in filing a permit or license to post a \$50,000 surety bond with the Texas Alcoholic Beverage Commission (TABC) for each classification of permit or license for which the person provides a service. The bill would also require these service providers to post a \$50,000 surety bond in each county in which the person provides services and for each type of permit or license for which the person provides services. The bill would apply only to a person who provides assistance to an applicant on or after the effective date of the bill.

The bill would take effect on September 1, 2005.

Methodology

Under the provisions of the bill, persons providing services to permit or license applicants would be required to file a surety bond with the TABC. TABC reports there are currently 125 licensing services that provide services for 11 primary retail permits issued by the agency. TABC estimates that the total number of bonds that would need to be posted and filed would be 1,375 (125 licensing services x 11 primary retail permits).

TABC estimates total first-year implementation technology costs of \$35,000 and recurring costs of \$7,500 in each subsequent fiscal year for software maintenance and to create and maintain a database to comply with the provisions of the bill. TABC estimates two full-time equivalent positions (FTEs) would be needed to administer the program. The cost for the two FTEs would be \$88,135 in fiscal year 2006 and each subsequent fiscal year for salary and benefits. An additional \$21,046 in other operating expenses (rent, travel, equipment, postage, and forms) would be needed in fiscal year 2006, with \$18,846 in each subsequent fiscal year.

The estimated total cost to comply with the provisions of the bill would be \$144,181 in fiscal year 2006 and \$114,481 in subsequent fiscal years.

Technology

Technology costs are estimated to be \$35,000 in the first year for programming services and \$7,500 in each subsequent year for software maintenance.

Local Government Impact

There could be some revenue to counties if a person who files a surety bond with the county is found to have recklessly, knowingly, or intentionally filed false information. The amount of the bond would be forfeited to the county. However, these revenues are not expected to be significant.

Source Agencies: 458 Alcoholic Beverage Commission

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