

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 17, 2005**

**TO:** Honorable Joe Driver, Chair, House Committee on Law Enforcement

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

**IN RE: HB2304** by Driver (Relating to the regulation of alarm systems and alarm systems companies.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would require a municipality to, by ordinance, require a person to obtain an alarm permit before operating an alarm system in the municipality, unless the municipality adopts an ordinance providing that the municipality's law enforcement personnel will not respond to an alarm signal. The cost of a permit for a residence would be \$50 annually and the cost of a permit for a commercial location would be \$100 annually. The bill would establish the procedures and criteria for a municipality to follow if it were to seek to adopt an ordinance whereby law enforcement would not be required to respond to alarm signals.

Other circumstances in which the municipal law enforcement would not be required to respond to an alarm signal would be if no permit was obtained or if a permit was revoked or expired. A permit could be revoked or not renewed if the alarm system has had eight or more false alarms in the previous 12 months. The municipality would be authorized to impose a penalty for a false alarm if in the preceding 12 months there were at least three false alarms. The fees would range from \$50 to \$100, depending on the number of false alarms in a 12-month period. Fines, fees, and penalties would be limited to no more than the actual cost of providing relevant services. Biennially, the municipality would be required to audit its actual expenses and adjust fines, fees, and penalties accordingly.

A municipality would not be held liable for damages that may occur as a result of not responding to an alarm under the applicable provisions of Chapter 214, Local Government Code.

The bill would take effect September 1, 2005.

**Local Government Impact**

Based on the number of residential applications and business applications for alarm permits received per year by the City of Austin, the city assumed if it were to increase the permit fees to the proposed maximums, the city would experience an annual revenue gain of \$961,686. This amount does not include penalties for false alarms.

The Abilene Police Department estimates implementation of increased fines and fees would result in an annual revenue gain of \$113,000. The department indicated there would be a cost involved with the biennial audits, but expects the cost could be absorbed using existing resources.

The Houston Police Department assumes that the proposed new false alarm fine schedule would result in a loss of revenue due to panic alarms being counted at the same rate as a false burglar alarm. In addition, the department assumed a justifiable permit fee (no more than costs to provide services) would be approximately 50 percent of the allowable maximum rate. Applying these assumptions to the number of permits and false alarms in fiscal year 2004, the department estimates an annual loss of at least \$442,000.

The Comptroller of Public Accounts contacted the cities of Beaumont, Garland, and Marshall, each of which estimated the fiscal impact to the cities would be insignificant because their fees and fines are less than the caps the bill would impose.

The fiscal impact would vary by municipality, but is not anticipated to be significant, whether negative or positive.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KJG, JB, DLBa