

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: HB2304 by Driver (Relating to the regulation of alarm systems and alarm systems companies; providing penalties.), **Committee Report 2nd House, As Amended**

No significant fiscal implication to the State is anticipated.

The bill would authorize a municipality that requires an alarm system permit before a person may use an alarm system in the municipality to impose an annual permit fee of \$100 for a commercial location. Under current statute, a municipality may impose an annual permit fee of \$50, regardless if the permit is for a residential location or a commercial location.

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.

A municipality would be authorized to require an alarm system monitor to attempt to contact the occupant of the alarm system location twice before the municipality responds to the alarm signal. A municipality would not be held liable for damages that may occur relating to the cause of the alarm signal as a result of not responding to an alarm signal.

The bill would create as a Class C misdemeanor the act by an alarm company of violating requirements to distribute certain information to the occupant of the alarm system location and of notifying the municipality in which the system is located of an installation or activation of an alarm system within 30 days of installation or activation.

The bill would require the private security board (a part of the Department of Public Safety) to adopt rules applicable to a license holder acting as an alarm systems company. Minimum rules requirements are established in the provisions of the bill. It is assumed that added rulemaking requirements and enforcement could be absorbed within existing resources.

The bill would take effect September 1, 2005. Provisions of the bill would apply only to an alarm system installed or activated on or after January 1, 2006.

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 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.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

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