

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 4, 2005

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

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

IN RE: HB2515 by Zedler (Relating to regulation of the sale of alcoholic beverages.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2515, As Introduced: a negative impact of (\$266,980) 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	(\$152,140)
2007	(\$114,840)
2008	(\$114,840)
2009	(\$114,840)
2010	(\$114,840)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$152,140)	2.0
2007	(\$114,840)	2.0
2008	(\$114,840)	2.0
2009	(\$114,840)	2.0
2010	(\$114,840)	2.0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code relating to the regulation of the sale of alcoholic beverages.

Section 1 of the bill would require law enforcement agencies to report the issuance of a citation for violation of the Alcoholic Beverage Code by the holder of a permit or license to the Alcoholic Beverage Commission (TABC).

Section 2 of the bill would prohibit alcoholic beverages from being provided to the public free of charge on the premises of a commercial establishment not licensed or permitted if the owner or operator of the establishment meets certain criteria.

Section 3 of the bill would require a permittee desiring to change the location of his/her place of business to do so by applying to the county judge. The permittee would not have to pay an additional fee for the unexpired term of the permit. Under current law, a permittee desiring to change the location of his/her place of business would have to do so by filing an application with TABC.

Section 4 of the bill specifies permits that would be applied for through TABC.

Section 5 of the bill would require renewal applications, not listed in Section 11.31 of the Alcoholic Beverage Code, to be filed with the county tax assessor in which the permitted premises are located no earlier than 30 days before the permit expires. Applicants would be required to submit the appropriate permit fee plus a filing fee of \$2 along with the renewal application. If a renewal application is rejected, the applicant would be entitled to a refund of any permit fee paid.

Section 6 of the bill would require permits for the retail sale or service of an alcoholic beverage, not listed in Section 11.31 of the Alcoholic Beverage Code, to be applied for and obtained from a county judge and issued by the Alcoholic Beverage Commission. Each applicant would be required to pay a hearing fee of \$5 to the county clerk which would be deposited in the county treasury. If the county judge enters an order favorable to the applicant, the applicant would be required to pay the county tax assessor the appropriate permit fee.

A person who has been denied a permit or license under the Alcoholic Beverage Code would not be allowed to reapply for a permit or license before the first anniversary of the date on which the permit or license was denied.

Section 30 of the bill repeals Sections 11.40, 11.46(b) and (c), 25.05, 25.051, 25.052, 25.06, 26.06, 26.07, 32.04, and 32.18, Alcoholic Beverage Code, which relate to the general grounds for refusal of permits, hearings on permit applications, and delegation of duties of county judges.

The bill would take effect September 1, 2005.

Methodology

The bill would require renewal applications, not listed in Section 11.31 of the Alcoholic Beverage Code, to be filed with the county tax assessor in which the permitted premises are located no earlier than 30 days before the permit expires. The bill would also require permits for the retail sale or service of an alcoholic beverage, not listed in Section 11.31 of the Alcoholic Beverage Code, to be applied for and obtained from a county judge and issued by the Alcoholic Beverage Commission.

This analysis assumes that all fees collected by the county tax assessor would be remitted to the state. This analysis also assumes that county judges would maintain current approval levels for all permits and licenses currently approved by TABC. To the extent that approval rates increase or decrease, revenue to the state would be affected. This analysis also assumes that TABC would continue to collect surcharges pursuant to Subsection 5.50 of the Alcoholic Beverage Code.

Additionally, TABC would need 2 Full-Time-Equivalent Positions (FTEs) for the Legal Division to comply with the local hearing requirements of the bill. The cost associated with these additional FTEs would be \$152,140 in fiscal year 2006 and \$114,840 in each subsequent fiscal year.

Technology

The technology costs include \$5,000 for programming changes to TABC information systems in fiscal year 2006 to implement the provisions of the bill.

Local Government Impact

The fiscal impact on local law enforcement agencies to report the issuance of a violation would vary by agency, depending on how many citations are issued.

The fiscal impact would vary by county, depending on how many permits and renewal permits are

requested through the county. It is assumed that the \$2 application filing fee collected by the tax assessor-collector and the \$5 hearing fee collected by the county clerk would help offset administrative costs incurred by the county.

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

Source Agencies: 458 Alcoholic Beverage Commission

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