

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**April 5, 2005**

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

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

**IN RE: HB2715** by Menendez (Relating to authorizing licensed bingo organizations to conduct charitable poker games.), **As Introduced**

Depending on the number of participants and the structure and number of games licensed by authorized organizations, there would be additional revenue to the state but the amount of revenue cannot be quantified.

The bill would amend Chapter 2001, Occupations Code, to allow a licensed authorized organization to conduct charitable poker games, in addition to bingo, at the location and times permitted by the organization's license to conduct bingo. The bill would require the organization to deposit into their bingo account all funds, less the amount authorized as cash prizes, derived from the conduct of charitable poker. The bill would require the participating organization to collect from a person who wins a prize at a charitable poker game a fee in the amount of five percent of the amount of the prize. The bill would authorize the Texas Lottery Commission to establish the number and type of poker games that may be played at a licensed authorized organization.

Based on the analysis of the Texas Lottery Commission, it is assumed the Bingo Division would require ten Auditor III positions at \$35,000/year for increased auditing and investigation activities. Operating expenses are estimated to be \$131,180 in fiscal year 2006 and \$12,680 each year thereafter. Travel costs related to auditing and investigations are estimated to be \$30,000 each year. Employee benefits costs for the 10 additional full-time-equivalent positions are estimated to be 29.74 percent of the total salary cost or \$104,090 each year. Therefore, the costs to the Texas Lottery Commission would be \$615,270 in fiscal 2006 and \$496,770 each year thereafter.

It is assumed that any costs associated with implementing the provisions of the bill would be offset by a corresponding increase in revenue from bingo licensing fees.

Current law requires the net proceeds of an authorized organization to be devoted to the charitable purposes of the organization. The actual amount of prize fee collections remitted to the state and deposited to the General Revenue Fund would vary depending on the actual prize payout percentages or maximums.

The bill would take effect on September 1, 2005.

**Local Government Impact**

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

**Source Agencies:** 362 Texas Lottery Commission

**LBB Staff:** JOB, SD, MW, TG