

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION
Revision 1

April 21, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: HB3301 by Corte (Relating to a fee on sales of alcoholic beverages in certain municipalities to fund fire and emergency services and related educational activities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Health and Safety Code as it relates to a fee on sales of alcoholic beverages in certain municipalities to fund fire and emergency services and related educational activities.

The bill would take effect September 1, 2005.

Local Government Impact

The bill would authorize a municipality with a population of more than 1 million to impose a fee of ten cents on each individual serving or container of an alcoholic beverage sold to an ultimate customer within the municipality. The municipality may require a person licensed or permitted under the Alcoholic Beverage Code to sell alcoholic beverages for consumption on or off the licensed or permitted premises to collect the fee. The fees collected may be used only for the municipality's fire and emergency medical services department to provide additional equipment, staffing, training, and an alcohol awareness program in the public schools. A municipality that collects the fee must monitor the impact that the collection of the fee has on the municipality, including the amount of the funds collected, the impact to a municipality's fire and emergency medical services department, and the efficacy of the alcohol awareness program. The municipality also would report to the legislature the amount of funds collected and the efficacy of the alcohol awareness program.

According to the 2000 federal census, the population parameters of the bill apply to the cities of San Antonio, Houston, and Dallas. Fiscal impact to those cities would depend on the number of individual servings or containers of alcohol sold in a municipality in any given year. The impact would also depend on the definition of "serving" implemented by the individual municipality.

The City of Houston reports that if the municipality voted to implement the provisions of the bill, there would be expenditures for new staff, equipment, training materials and other operational costs that would total \$175,000 in the first fiscal year. However, the city states that revenues generated from the new tax could range from \$6.9 million to as much as \$9.1 million, which would cover the new expenditures and provide funds for the city's fire and emergency medical services and the alcohol awareness program. Additionally, there could be a savings to the city of approximately \$7 million normally budgeted for personnel and training funds, which could then be used for other purposes.

Source Agencies: 458 Alcoholic Beverage Commission

LBB Staff: JOB, WP, SD, KJG, VDS, SJ