

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

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

**April 20, 2005**

**TO:** Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB1850** by Gallegos (Relating to the regulation of certain businesses that sell beer or beer and wine in certain counties; providing an administrative penalty.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1850, Committee Report 1st House, Substituted: a positive impact of \$3,484,423 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	\$1,701,861
2007	\$1,782,562
2008	\$1,820,813
2009	\$1,859,829
2010	\$1,899,626

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	\$1,875,055	(\$173,194)	2.5
2007	\$1,912,556	(\$129,994)	2.5
2008	\$1,950,807	(\$129,994)	2.5
2009	\$1,989,823	(\$129,994)	2.5
2010	\$2,029,620	(\$129,994)	2.5

**Fiscal Analysis**

The bill would amend Chapter 11 and Chapter 25 of the Alcoholic Beverage Code as they relate to the regulation of certain businesses that sell beer or beer and wine in certain counties with a population of 1.4 million or more.

Section 1 of the bill is an addition to the Alcoholic Beverage Code and states that no one within the fourth degree by consanguinity or affinity of a permittee or licensee may apply for a permit or license for the same establishment if the permit or license was suspended or cancelled.

The bill would also set the annual state fee for the renewal of a wine and beer retailer's permit at \$750 and the original application fee at \$1,000. The bill would require a person applying for a license or permit for the on-premise consumption of alcoholic beverages to file a surety bond with the Texas Alcoholic Beverage Commission (TABC) with subsequent surety bonds being required upon suspensions. It would also require an administrative hearing no later than 60 days regarding the forfeiture.

The bill would authorize TABC to impose an administrative penalty not to exceed \$4,000 if a permittee makes a false or misleading statement in the application process.

The bill would take effect September 1, 2005.

### **Methodology**

According to the 2000 federal census, only Harris County, Tarrant County, and Dallas County meet the population requirements of the bill. Under current statute, the fee for a beer and wine permit is \$175. There would be an increase in revenue to the General Revenue Fund of approximately \$1.9 million in fiscal year 2006. This estimate is based on the proposed fees of \$750 for renewing a beer and wine retailer's permit and \$1,000 for a new permit. TABC reports that there are 3,716 beer and wine retail permittees in Harris County, Tarrant County, Dallas County, and Bexar County. This revenue estimate has been adjusted to exclude Bexar County and assumes that there are 3,170 renewals and 63 original applications in fiscal year 2006 and two percent growth in subsequent fiscal years. This estimate does not include revenue that might be generated from the forfeiture of bonds nor does it include administrative penalties that may be imposed.

TABC estimates start-up costs of \$5,000 in the Licensing Division for programming updates to current TABC systems, in addition to \$30,800 for updates to various forms and publications. The Licensing Division is allocated costs for one additional full-time-equivalent Accounts Examiner IV position at \$53,441 in fiscal year 2006 and \$49,741 in subsequent fiscal years.

TABC estimates there would be an increase of 600 to 900 in the number of administrative hearings as a result of implementation of the bill. The Legal Division is allocated costs of \$3,700 for equipment and furnishings and \$80,253 in salaries (1.5 FTEs), benefits, and operating costs in fiscal year 2006. In subsequent fiscal years, the salaries, benefits, and operating costs would continue at \$80,253, which includes \$1,500 in professional fees for transcripts from the hearings.

### **Technology**

Technology costs include \$5,000 in fiscal year 2006 for programming systems to comply with the provisions of the bill.

### **Local Government Impact**

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

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** JOB, DLBa, VDS, SJ