

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 27, 2007

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

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

IN RE: HB11 by Cook, Byron (Relating to the filing of sales reports with the comptroller by wholesalers and distributors of certain alcohol and tobacco products.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB11, As Introduced: a positive impact of \$72,455,000 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$26,966,000
2009	\$45,489,000
2010	\$56,555,000
2011	\$71,978,000
2012	\$87,962,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2008	\$26,966,000	\$5,178,000	\$1,777,000	\$668,000
2009	\$45,489,000	\$8,735,000	\$2,997,000	\$1,127,000
2010	\$56,555,000	\$10,860,000	\$3,726,000	\$1,401,000
2011	\$71,978,000	\$13,821,000	\$4,742,000	\$1,784,000
2012	\$87,962,000	\$16,890,000	\$5,795,000	\$2,180,000

26

Fiscal Analysis

The bill would amend Chapters 151 and 155 of the Tax Code to allow the Comptroller of Public Accounts to require that wholesalers and distributors of alcohol and tobacco products file with the Comptroller a report each month of the sales made to retailers in the state.

The bill would take effect September 1, 2007.

Methodology

The Comptroller of Public Accounts reports that the increased audit coverage of retail outlets in response to this new information reporting procedure would increase sales tax collections due to an

overall increase in audit activity due to access to detailed monthly sales information provided under rules of confidentiality. The Comptroller expects that additional audit coverage would increase the current audit level of approximately 400 to 500 per year by an estimated 800 desk audits. The Comptroller expects part of the revenue gain would be attributable to greater voluntary compliance by retail outlets because historically these stores have increased reported taxable sales upon receiving notice of audit.

The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact to local government is illustrated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

LBB Staff: JOB, CT, SD, EB