

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 2, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB24 by Corte, Frank (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 fiscal implication to the State is anticipated.

The bill would add Chapter 766 to the Health and Safety Code to authorize certain municipalities to, by ordinance, impose a fee of 10 cents on each individual serving or container of an alcoholic beverage sold to an ultimate consumer within the municipality.

The municipality would be required to dedicate the fees to be used by the municipality's fire and emergency medical services department as specified in the bill.

The municipality would also be required to monitor the impact collection of the fee has and report to the legislature on or before February 1 following each year in which the fee is collected.

The bill would expire on September 1, 2013.

Local Government Impact

The population brackets within the bill would apply only to the cities of Dallas, Houston, and San Antonio. If a city were to implement the provisions of the bill, the amount of revenue generated would vary by city depending on the number of alcoholic beverages sold within each city, and the administrative costs would vary as well.

If the City of Dallas were to implement the provisions of the bill, the city assumes there would be a minimal cost of \$500,000 to establish the program. The City of Dallas was unable to project how many units of a beverage likely would be sold to which the fee would apply, and therefore had no estimate as to potential revenue gains.

The City of Houston also found no data on number of units sold, but made assumptions based on gross receipts information obtained from the Comptroller of Public Accounts. Houston assumed an average alcoholic beverage sells for \$4 (represents sales in restaurants only, not of all units of alcoholic beverages sold in the city). Dividing \$4 into the gross receipts total of \$52.3 million, the estimated number of beverages sold would be 13 million. At 10 cents per beverage, the city would experience a revenue gain of at least \$1.3 million. The city estimates its costs for establishing a program to be approximately \$200,000 per year (staffing to identify all entities that sell alcohol and to collect fees, as well as auditors to check for compliance).

No estimates were received from the City of San Antonio.

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

LBB Staff: JOB, CT, DB