

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 10, 2007

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

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

IN RE: HB1156 by Flores (Relating to the operation and regulation of charitable bingo and the use of bingo proceeds.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1156, Committee Report 1st House, Substituted: a positive impact of \$2,388,000 through the biennium ending August 31, 2009.

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
2008	\$1,027,000
2009	\$1,361,000
2010	\$1,379,000
2011	\$1,400,000
2012	\$1,391,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1
2008	\$1,027,000
2009	\$1,361,000
2010	\$1,379,000
2011	\$1,400,000
2012	\$1,391,000

Fiscal Analysis

The bill would amend the Occupations Code relating to the operation and regulation of charitable bingo and the use of bingo proceeds by requiring the Texas Lottery Commission (TLC) to adopt certain rules relating to the amount of operating capital in a bingo account of a licensed authorized organization and requiring TLC to prepare and deliver a report relating to bingo operations and gross receipts. The bill would allow pull-tab tickets sold by automatic dispensers to exceed the current cost cap of \$1.

The bill would eliminate the requirement that bingo operators collect a 5 percent bingo prize fee on prizes of \$5 or less, although the bingo operator would be required to remit the uncollected prize fee to the state. The bill would require a licensed authorized organization to disburse all of the organization's net proceeds to charity, rather than 35 percent of adjusted gross receipts. The bill would authorize the

fee for a two-year bingo license to be paid to TLC in two installments.

This bill would take effect October 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA), the bill would result in a revenue gain to the General Revenue Account of \$1,027,000 in fiscal year 2008; \$1,361,000 in fiscal year 2009; \$1,379,000 in fiscal year 2010; \$1,400,000 in fiscal year 2011; and \$1,391,000 in fiscal year 2012. Revenues for fiscal year 2008 were reduced by one month in recognition of the October 1, 2007 effective date. The revenue gain identified by the CPA is based on the assumption that authorizing certain pull-tab tickets to be sold for more than \$1 would increase the total amount of bingo prizes, thereby increasing the amount of bingo prize fee revenue generated.

Based on information provided by the TLC, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JOB, JRO, TGI, MW