

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 4, 2007**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

**IN RE: HB1667** by Geren (Relating to the amount of the fee for issuing certain alcoholic beverage permits.), **As Engrossed**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB1667, As Engrossed: a positive impact of \$5,280,600 through the biennium ending August 31, 2009.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$2,640,300
2009	\$2,640,300
2010	\$2,640,300
2011	\$2,640,300
2012	\$2,640,300

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1</b>
2008	\$2,640,300
2009	\$2,640,300
2010	\$2,640,300
2011	\$2,640,300
2012	\$2,640,300

**Fiscal Analysis**

The bill would amend the Alcoholic Beverage Code relating to the amount of the fee for issuing certain alcoholic beverage permits.

The bill would amend the Alcoholic Beverage Code, Sections 25 and 69, which states the annual state fee for an original wine and beer retailer's permit and a retail dealer's on-premise license is \$1000 and the annual renewal of each license is \$750. The bill states the annual state fee for an original and annual renewal of a wine and beer retailer's permit issued with a food and beverage certificate is \$175. The bill states the annual state fee for an original and annual renewal of a wine and beer retailer's permit issued to a fraternal organization is \$175. The bill states the annual state fee for an original and annual renewal of a retail dealer's on-premise license with a food and beverage certificate is \$150. The bill states the annual state fee for an original and annual renewal of a retail dealer's on-premise license issued to a fraternal organization is \$150. The bill would take effect September 1, 2007 and apply only to fees due on or after the effective date of this Act.

## **Methodology**

The Alcohol Beverage Commission (TABC) states that there is currently a different fee schedule for counties with a population of 1.4 million or more for wine and beer retailer's permits and retail dealer's on-premise licenses. TABC states that there are currently 2,410 food and beverage certificate holders in Harris, Dallas, and Tarrant counties (populations at 1.4 million or more) with 1,043 not holding a food and beverage certificate. The renewal fee of these current applications would be reduced from \$750 ( $\$750 \times 1,043 = \$782,250$ ) to \$175 ( $\$175 \times 1,043 = \$182,525$ ) which would be a General Revenue loss of \$599,725 per year. Based on current information, there are 137 retail dealer's on-premise licenses in Harris, Dallas and Tarrant Counties (populations at 1.4 million or more) with a food and beverage certificate. The renewal fee of these current applications would be reduced from \$750 ( $\$750 \times 137 = \$102,750$ ) to \$150 ( $\$150 \times 137 = \$20,550$ ) which would be a General Revenue loss of \$82,200 per year. By reducing the fees of these three counties, the state would experience a total General Revenue loss of \$681,925 per year ( $\$599,725 + \$82,200$ ).

TABC states that there are currently 5,907 wine and beer retailer's permits in all other counties throughout the state (populations below 1.4 million) with 4,727 not holding a food and beverage certificate. The renewal fee of these current applications would increase from \$175 ( $\$175 \times 4,727 = \$827,225$ ) to \$750 ( $\$750 \times 4,727 = \$3,545,250$ ) which would be a General Revenue gain of \$2,718,025. Based on current information, there are 1,120 retail dealer's on-premise licenses in all other counties throughout the state (populations below 1.4 million) with 1,007 not holding a food and beverage certificate. The renewal fee of these current applications would increase from \$150 ( $\$150 \times 1,007 = \$151,050$ ) to \$750 ( $\$750 \times 1,007 = \$755,250$ ) which would be a General Revenue gain of \$604,200. By increasing the fees for all other counties, the state would experience a total General Revenue gain of \$3,322,225 per year ( $\$2,718,025 + \$604,200$ ). The net revenue change would be an overall General Revenue increase of \$2,640,300 per year ( $\$3,322,225 - \$681,925$ ).

## **Technology**

The technology costs estimated to comply with the provisions of the bill include \$4,800 in General Revenue in fiscal year 2008 for program changes to the permit licensing system.

## **Local Government Impact**

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

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** JOB, JRO, GG, LG