

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 25, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1751 by Cohen (Relating to the imposition and use of a fee on certain sexually oriented businesses.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1751, As Passed 2nd House: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Dedicated (Tx Health Opp Pool or Premium Payment Assistance Account)</i>	Probable Revenue Gain/ (Loss) from <i>SEXUAL ASSAULT PROG ACCT 5010</i>	Probable Revenue Gain/ (Loss) from <i>Cities and Counties</i>
2008	\$9,260,000	\$25,000,000	(\$660,000)
2009	\$53,017,000	\$0	(\$825,000)
2010	\$34,930,000	\$25,000,000	(\$933,000)
2011	\$60,944,000	\$0	(\$948,000)
2012	\$36,897,000	\$25,000,000	(\$965,000)

Fiscal Analysis

The bill would amend Chapter 47 of the Business and Commerce Code to establish an admission fee of \$5 on customers of sexually oriented businesses that provide live nude entertainment or performances. The bill would require the Comptroller of Public Accounts to develop rules for the administration, payment, collection, and enforcement of these fees.

The bill requires the Comptroller to deposit up to \$25 million of the fee revenue to the credit of the Sexual Assault Program Fund in a fiscal biennium. Any excess revenue is to be deposited to the credit of the Texas Health Opportunity Pool if established in Senate Bill 10, 80th Legislature. If Senate Bill 10 does not pass or if the Pool is not established in Senate Bill 10, the excess revenue is deposited to the credit of the Premium Payment Assistance Account.

The bill would take effect September 1, 2007.

Methodology

The Comptroller of Public Accounts estimated the fiscal impact based on establishment data, relating to those entities that would qualify under the provision of the bill, provided by the Texas Alcoholic Beverage Commission (TABC). The estimate includes an adjustment to the establishment count to account for such entities not licensed by TABC. The estimate assumes that the \$5 admissions charge required under the provisions of the bill, would have a negative effect on the sale of alcoholic beverages in those establishments licensed by TABC, which would result in a loss of revenue from the mixed beverage tax to the state and local units of government. The estimate for the fiscal 2008 includes an adjustment for the effective date, the quarterly reporting requirement, and employer collection and compliance considerations.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DB, CT, SD, EB