

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**May 15, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**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 Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1751, As Engrossed: a positive impact of \$69,277,000 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	\$16,260,000
2009	\$53,017,000
2010	\$41,930,000
2011	\$60,944,000
2012	\$43,987,000

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

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>SEXUAL ASSAULT PROG ACCT 5010</i>	Probable Revenue Gain/ (Loss) from <i>Cities and Counties</i>
2008	\$16,260,000	\$18,000,000	(\$660,000)
2009	\$53,017,000	\$0	(\$825,000)
2010	\$41,930,000	\$18,000,000	(\$933,000)
2011	\$60,944,000	\$0	(\$948,000)
2012	\$43,987,000	\$18,000,000	(\$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 \$18 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 General Revenue Fund.

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