

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

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

**May 4, 2007**

**TO:** Honorable Tracy King, Chair, House Committee on Border & International Affairs

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

**IN RE: HB2535** by Chavez (Relating to the authority of federally recognized Indian tribes along the Texas-Mexico border to engage in bingo.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2535, Committee Report 1st House, Substituted: a positive impact of \$8,703,000 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	\$2,772,000
2009	\$5,931,000
2010	\$6,910,000
2011	\$7,377,000
2012	\$7,798,000

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

Fiscal Year	Probable Revenue (Loss) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain from <i>GENERAL REVENUE FUND (5% Gross Receipts) 1</i>
2008	(\$1,611,000)	(\$286,000)	\$4,669,000
2009	(\$3,410,000)	(\$609,000)	\$9,950,000
2010	(\$3,977,000)	(\$703,000)	\$11,590,000
2011	(\$4,274,000)	(\$751,000)	\$12,402,000
2012	(\$4,535,000)	(\$768,000)	\$13,101,000

**Fiscal Analysis**

The bill would amend the Occupations Code relating to the authority of federally recognized Indian tribes along the Texas-Mexico border to engage in bingo. The bill would authorize non-profit organizations organized under tribal law by a recognized Indian tribe on a reservation in a county bordering Mexico, but not subject to the Indian Gaming Regulatory Act, to conduct bingo on tribal lands by including the tribe under the definition of "fraternal organizations" allowed to conduct bingo. In Texas, this would only pertain to the Ysleta del Sur Pueblo (Tiguas).

The bill would prohibit non-profit organizations described above from conducting bingo unless 5 percent of bingo gross receipts were transferred to the state, in a manner determined by the

Comptroller of Public Accounts.

This bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or would otherwise take effect on September 1, 2007.

### **Methodology**

According to information provided by the Comptroller of Public Accounts (CPA), the revenue implications of the bill would be dependent upon the average play per gaming machine and per traditional bingo game. Based on the analysis of the CPA, this analysis assumes that the bill would have a negative impact on current lottery and bingo revenues.

Further analysis assumes that affected Texas Indian tribes would enter into an agreement with the state in accordance with the terms of the bill, in exchange for the right to conduct class II bingo gaming. Given that the nature of such compacts cannot be known at this time, the fiscal impact table, which contains CPA revenue estimates, is for illustrative purposes only.

### **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, CL, MW, TGI