

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

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

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

IN RE: SB1217 by Gallegos (Relating to fees for and terms of permits and licenses issued by the Texas Alcoholic Beverage Commission.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1217, As Introduced: 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	(\$53,200)
2009	\$53,200
2010	\$53,200
2011	\$53,200
2012	\$53,200

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2007
2008	\$328,999	(\$382,199)	7.0
2009	\$328,999	(\$275,799)	7.0
2010	\$328,999	(\$275,799)	7.0
2011	\$328,999	(\$275,799)	7.0
2012	\$328,999	(\$275,799)	7.0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code relating to fees for and terms of permits and licenses issued by the Texas Alcoholic Beverage Commission (TABC).

The bill would amend Alcoholic Beverage Code, Section 5 by establishing a two year license and permit term and the collection of double fees and surcharges at the time of application for an original or renewal license/permit. The bill would take effect on September 1, 2007. The bill would apply to licenses and permits issued or renewed on or after September 1, 2007.

Methodology

TABC is a self-funded agency and is required to fund both direct and indirect appropriation costs through fees and surcharges. TABC estimates they collected \$16,916,641 in surcharges in fiscal year

2006. In order to pay for the provisions in the bill, TABC states they would be required to raise the surcharge fee by 1.9448% (\$328,999/\$16,916,641) to collect an additional \$328,999 in General Revenue each year.

According to TABC all current processes, procedures and systems for licenses and permits (both original and renewals) are developed and programmed for one year renewal terms. TABC states the bill would require updates of all current processes, procedures and systems to a two year renewal term. TABC states that 7 additional FTEs would be required to handle increases in tax assessor collector reconciliations, monitoring violation history to determine a one year or two year renewal for each applicant, bond verifications, and process change applications to keep all data current and accurate. TABC states that bill text also provides for two possible terms for licenses and permits which would increase application process time.

TABC states that moving to a two year renewal term could cause renewal applications and the revenue collected from the licenses and permits to cross between biennia. TABC states in the past, that this has not been an issue since the one year term for application and fees/surcharges are collected at the time of application. TABC is unclear as to how the two year renewals would impact the Comptroller of Public Accounts reporting requirements which monitor the agency's revenue collection to verify enough revenue is collected to fund the agency's appropriations.

Technology

The technology costs estimated to comply with the provisions of the bill include \$102,800 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: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

LBB Staff: JOB, JRO, GG, LG