

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB2325 by Raymond (Relating to local option elections to legalize or prohibit the operation of eight-liners and imposing a fee on eight-liner owners; providing penalties.), **As Introduced**

Depending upon which local jurisdictions would opt for an election, whether the outcome would be to either legalize or prohibit eight liners, or how many machines might be deployed in those counties choosing legalization, there would be an indeterminate fiscal impact to the state.

The bill would amend the Occupations, Penal and Election Codes to establish procedures for local option elections to legalize or prohibit the operation of eight-liner electronic gaming machines in political subdivisions.

The bill would add new Subchapter K to the Occupations Code to impose an annual fee of \$250 for each eight-liner machine that an owner exhibits or displays. The annual fee would be prorated by the quarter in which machines are put into operation. The Comptroller would collect this fee and deposit 30 percent of the revenue to General Revenue Fund 0001. The remaining 70 percent would be distributed to the municipality or county in which the eight-liner is located. Eight-liners, as defined by this bill, would be exempted from the provisions for amusement redemption machine licenses.

The bill would add new Chapter 17 to the Election Code to establish procedures for counties, justice precincts or municipalities to conduct elections to legalize or prohibit the operation of eight-liners as they are defined by this bill.

The bill would amend Chapter 47 of the Penal Code to define eight-liner game machines, establish their legality, and set the maximum prize at \$500 in cash, or merchandise valued at \$500 wholesale, on a single play of a game.

Eight-liners would no longer be subject to the \$60 coin-operated amusement machine tax, and businesses whose only coin-operated amusement machines are eight-liners would no longer be required to pay the annual coin-operated business license fee. The proposed \$250 fee (30 percent of which goes to the state) would essentially offset the current tax and license revenues from an estimated 25,000 eight liners of approximately \$1.5 million annually. The tax and license fee are deposited to General Revenue.

The bill would take effect only if the constitutional amendment proposed by the 81st Legislature, Regular Session, 2009, authorizing local option elections legalizing or prohibiting the operation of eight-liners is approved by voters at an election to be held November 3, 2009.

Local Government Impact

According to information provided by the Texas Association of Counties (TAC), the provisions of the bill related to calling for an election would be significantly costly to counties because of the potential number of elections that could occur. No data was available on which to project estimates for costs

and revenue if a county allows the operation of eight-liners.

According to information provided by various municipalities, similar to that provided by TAC, there would be costs associated with conducting elections and unknown revenue gain if the operation of eight-liners are approved.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

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