

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

February 28, 2011

TO: Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB175 by Jackson, Jim (Relating to the on-premises consumption of certain alcoholic beverages; providing a penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB175, As Introduced: a positive impact of \$162,757 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$163,555
2013	(\$798)
2014	\$172,102
2015	(\$798)
2016	\$172,102

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2012	(\$9,345)	\$172,900
2013	(\$798)	\$0
2014	(\$798)	\$172,900
2015	(\$798)	\$0
2016	(\$798)	\$172,900

Fiscal Analysis

The bill would create a new “On-Premises Consumption Only” permit and establish an annual state fee of \$1,000 for the new permit. This permit would be required for the owner of a commercial establishment that provides entertainment/social activities or charges a fee (payment, dues or mandatory purchase) for admittance to the establishment and allows a person to bring alcoholic beverages on the establishment’s premises for consumption. The bill exempts establishments that prepare and serve food and operate under a food service permit, as well as veterans/fraternal organizations. The bill also states that an “On-Premises Consumption Only” permit may not be issued for a premise covered by a license or permit under the Alcoholic Beverage code.

The Texas Alcoholic Beverage Commission would adopt all rules necessary to implement the provisions of the bill by November 1, 2011. Businesses required by the bill to have an “On-Premises Consumption Only” permit would be required to be in compliance with the bill by January 1, 2012.

Methodology

The bill would authorize the Texas Alcoholic Beverage Commission (TABC) to create a new permit type and collect the fees associated with the permit. This bill would create a fiscal impact of \$9,345 in FY 2012 for start-up and implementation costs and annual reoccurring software maintenance charges of \$798.

The bill would also generate revenue for permit fees collected by the TABC on a biennial basis according to the issue date of the new permit type. The TABC has moved to two year permits as stated in the Alcoholic Beverage Code Section 11.09. Therefore, the biennial fee for the permit would be \$2,000 resulting in an estimated revenue stream of \$140,000 every other year; based on the 70 Texas businesses identified by the TABC that this bill would affect. The biennial surcharge would be estimated at \$470 resulting in estimated revenue of \$32,900 every other year.

The annual operating costs in subsequent years associated with the bill would be \$798 for software maintenance through the Data Center Consolidation Project. Permit fees would be collected on a biennial basis according to issue date of the new permit type, resulting in a revenue stream of \$140,000 every other year, based on an estimate of business who will probably seek a permit. A rule would be adopted to establish a surcharge. The biennial surcharge would be estimated at \$470 resulting in estimated revenue of \$32,900 every other year.

If any of the businesses obtained food service permits and prepared and served food, they would be exempt and revenue could be zero from those particular businesses.

Technology

Programming costs included in this analysis are based on current rates paid to the agency's vendors. Additionally, estimates have been included for increases in the Data Center Consolidation cost for software maintenance. The programming costs total \$7,980 and would result in an increase in software maintenance of \$798 per year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

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