

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 11, 2011**

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

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

**IN RE: HB2707** by Burnam (Relating to the holding of an interest in certain alcoholic beverage licenses, permits, or premises by certain persons whose alcoholic beverage license or permit has been revoked.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2707, As Introduced: a negative impact of (\$1,910,748) through the biennium ending August 31, 2013.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	(\$1,002,694)
2013	(\$908,054)
2014	(\$977,725)
2015	(\$987,898)
2016	(\$992,108)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2011</b>
2012	(\$1,002,694)	22.0
2013	(\$908,054)	22.0
2014	(\$977,725)	22.0
2015	(\$987,898)	22.0
2016	(\$992,108)	22.0

**Fiscal Analysis**

The bill would amend the Alcoholic Beverage Code relating to the refusal of certain permits and licenses for on-premise consumption if the person who had a financial interest in the permit/license or an interest in the premises for which the permit/license is being sought, previously held a permit or license under this code that was canceled or not renewed during the three years preceding the date the application was filed as a result of a shooting, stabbing, or other violent act or as a result of an offense involving drugs, prostitution, or human trafficking.

The Texas Alcoholic Beverage Commission (TABC) indicates that the bill would create a significant fiscal impact due to the large number of individuals who could be determined to have a financial interest in a permit or license. This group includes shareholders who hold permits at multiple locations, because these permits/licenses will be denied upon renewal. The agency anticipates that additional hearings will be requested. The agency also indicates that TABC's Licensing Division will

be impacted due to the bill broadening current statute relating to the individuals associated with the permit/license and the individuals associated with the premises where the permit/license is being sought. The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise it would take effect September 1, 2011.

### **Methodology**

The average number of cancellations for shooting, stabbing, violent act, drugs, prostitution or human trafficking cases from FY08-FY10 was 25. These cancellations only impacted the location, while this bill would impact the landowner, sublessee and the permit holder. The agency estimates that there would be triple the number of applications denied due to the tie to the previous cancellation or denial. Consequently, there would be at least 75 cases forwarded to the Legal division for a hearing. To maintain the current level of caseload per lawyer, the agency indicates that at least one additional lawyer and one legal secretary would be needed.

In the Licensing Division, the agency anticipates an increase in reports of data entry of personal information, increased analysis, and increased correspondence associated with the processing as proposed by the bill. The agency's Licensing Division estimates a total of 22 FTE's (5 Data Entry, 5 Administrative Assistance, 10 Accounts Examiners, 1 Attorney, and 1 legal secretary) to be located throughout the state.

The agency estimates \$79,800 in the first year for programming costs and \$7,980 every year thereafter, Data Center costs of \$3,058 per year, travel costs of \$1,936 per year, \$66,000 in rent per year, \$13,200 for telephone costs each year, consumables of \$11,000 per year, software maintenance of \$9,504 per year, PC leases of \$9,900 per year, and equipment costs of \$30,800 in the first year for office furniture for additional FTEs.

### **Technology**

The agency anticipates significant programming hours in their licensing software in order to comply with this bill, at 60 days for \$1,330 per day, for a total first year costs of \$79,800 followed by \$7,980 in yearly maintenance.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 458 Alcoholic Beverage Commission

**LBB Staff:** JOB, AG, GG, DAR, KKR