

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

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

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

IN RE: HB2728 by Thompson (Relating to the operation and regulation of charitable bingo.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2728, As Introduced: a positive impact of \$2,443,000 through the biennium ending August 31, 2013.

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 |
|-------------|--|
| 2012 | \$1,202,000 |
| 2013 | \$1,241,000 |
| 2014 | \$1,286,000 |
| 2015 | \$1,335,000 |
| 2016 | \$1,389,000 |

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 2011 |
|-------------|---|---|---|
| 2012 | \$1,251,991 | (\$49,991) | 1.0 |
| 2013 | \$1,287,527 | (\$46,527) | 1.0 |
| 2014 | \$1,332,527 | (\$46,527) | 1.0 |
| 2015 | \$1,381,527 | (\$46,527) | 1.0 |
| 2016 | \$1,435,527 | (\$46,527) | 1.0 |

Fiscal Analysis

The bill would amend the Occupations Code to increase the number of temporary licenses which an authorized organization that holds an annual or two year license may receive in a 12 month period. The bill would amend the Occupations Code to define “card minding device player account value.” The bill would also amend the Occupations Code to state that a bingo player may use card-minding device player account value to purchase bingo cards, pull tabs, or other bingo merchandise. The bill would amend the Occupations Code to state that a person may not offer a single bingo prize with an aggregate value greater than \$2,500 for all bingo games except pull-tab bingo or bingo games that award individual prizes of \$50 or less.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III of the Texas Constitution. If the bill does not receive the vote necessary for immediate effect, this act would take effect on September 1, 2011.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA) this bill would have a positive revenue impact on the state from increased bingo prize fees. Based on the analysis of the CPA it is assumed that an increased number of temporary licenses would have an impact on bingo play, and a larger effect would ensue from removing the maximum prize for a bingo occasion under certain conditions. For the purposes of this analysis, the CPA compiled data on pull tab play from the Texas Lottery Commission (TLC) and from other states. The CPA estimates a revenue increase of \$1,202,000 in 2012, \$1,241,000 in 2013, \$1,286,000 in 2014, \$1,335,000 in 2015, and \$1,389,000 in 2016. This analysis assumes that there would be no significant fiscal impact to increases in the state's bingo rental tax resulting from the provisions of the bill.

Based on the analysis of the TLC the agency would need 1.0 FTEs to implement the provisions of the bill due to the increase in licensees generated by the bill. The bill would have a salary cost of \$31,729 beginning in fiscal year 2012 and for each year thereafter. Benefits costs associated with the FTE would be \$8,840 each year assuming a benefits cost of 27.86 percent. Other costs associated with the FTE would be \$9,422 in 2012 and \$5,958 in each year thereafter. This analysis assumes the agency would generate sufficient revenue to cover the increased costs associated with implementing the bill.

Local Government Impact

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

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

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