

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 6, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

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

IN RE: SB923 by Deuell (Relating to certain premises that may be covered by a winery permit.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB923, As Introduced: a negative impact of (\$68,120) 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	(\$62,800)
2013	(\$5,320)
2014	(\$5,320)
2015	(\$5,320)
2016	(\$5,320)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2012	(\$62,800)
2013	(\$5,320)
2014	(\$5,320)
2015	(\$5,320)
2016	(\$5,320)

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to allow for a winery that is issued a federal winemaker’s and blender’s basic permit to hold a separate noncontiguous premise without being issued a permit. Current statue states that a separate permit shall be obtained and a separate fee paid for each outlet of liquor in the state. Allowing the single permit to cover multiple locations would impact the Texas Alcoholic and Beverage Commission (TABC) in the regulation, licensing, compliance and enforcement of these wineries.

The bill would become effective September 1, 2011

Methodology

Additional programming costs to the TABC, as a result of this bill, are based on current rates paid to the agency’s software vendor of \$1,330 per day, plus annual maintenance of 10%. Based on an

estimate of 40 days the costs would be \$53,200 in the first year of this analysis, and a recurring annual cost of \$5,320 per year. Costs for modifications would include but not be limited to: application interface updates, cross checks, license print, renewal documents, query results/displays, complaint tracking, fines, reports and letter generation.

The TABC would incur an additional contractor cost of \$9,600 (120 hours @\$80 per hour) to modify internal applications including ARTS, Public Inquiry and SSRS reporting system.

Of the current 224 active wineries in Texas, there are approximately 15 that hold more than one winery permit, resulting in a loss in revenues as a result of the bill. The amount of revenue lost through other wineries requesting noncontiguous locations is unknown and not included in this analysis.

Technology

Significant changes would need to be made to licensing software to accomplish the change. Costs for modifications would include but not be limited to: application interface updates, cross checks, license print, renewal documents, query results/displays, complaint tracking, fines, reports and letter generation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 458 Alcoholic Beverage Commission

LBB Staff: JOB, AG, GG, DAR