

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 24, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1999 by Israel (Relating to a violation regarding the purchase, possession, or consumption of alcoholic beverages by a minor or the misrepresentation of age by a minor; authorizing a civil penalty; creating a criminal offense.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1999, As Introduced: a positive impact of \$2,950,350 through the biennium ending August 31, 2019.

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
2018	\$1,475,175
2019	\$1,475,175
2020	\$1,475,175
2021	\$1,475,175
2022	\$1,475,175

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Various General Revenue Dedicated Accounts</i>	Probable Revenue Gain/(Loss) from <i>Judicial Fund</i> 573
2018	\$1,475,175	(\$570,815)	(\$79,443)
2019	\$1,475,175	(\$570,815)	(\$79,443)
2020	\$1,475,175	(\$570,815)	(\$79,443)
2021	\$1,475,175	(\$570,815)	(\$79,443)
2022	\$1,475,175	(\$570,815)	(\$79,443)

Fiscal Analysis

The bill would make amendments to several codes pertaining to a violation regarding the purchase, possession, or consumption of alcoholic beverages by a minor or misrepresentation of age by a minor.

The bill imposes a civil penalty not to exceed \$500 for certain alcohol related violations by a person under the age of 21. The bill provides that the violation becomes a criminal offense punishable as a Class C misdemeanor upon the minor's third or subsequent violation if the minor is under the age of 17. The violation can be either a fine of not less than \$250 or more than \$2,000, confinement in jail not to exceed 180 days, or both, if the minor is 17 years of age or older. The bill would allow a minor to discharge the civil penalty by performing between 20 and 40 hours of community service. Any civil penalties imposed are required to be remitted to the state and credited to the General Revenue Fund.

The bill would take effect September 1, 2017.

Methodology

Data provided by the Office of Court Administration (OCA) was used in this analysis.

Under current law, violations for the first two alcohol-related offenses by a minor are punishable as a Class C misdemeanor with subsequent violations being punishable by a fine between \$250 and \$2,000 and/or a jail term of up to 180 days. Of total court costs collected from these offenses, the state receives approximately 76 percent of the total with the remainder retained by local governments. The bill's provisions that establish a civil penalty for the first two violations by a minor direct collections from this civil penalty entirely to the state and would be deposited to the credit of the General Revenue Fund. The state and local governments would lose the majority of court costs collected; however, revenue from civil penalties would stop upon a minor's third or subsequent violation.

According to the OCA, there were 22,695 non-driving alcohol related cases filed against juveniles and minors in justice and municipal courts in fiscal year 2016 with a collection rate among these courts of 65 percent. For the purposes of this analysis, it is assumed that same number of cases realized in 2016 would continue each fiscal year through 2022.

This analysis assumes that municipal and justice court judges would assess, on average, a \$100 civil penalty for applicable minor violations due to courts typically assessing fines and penalties lower than the maximum. Estimated total collections from these civil penalties would be \$1,475,175 with the full amount being remitted to the state in General Revenue each fiscal year (22,695 violations X 65 percent collection rate X \$100 civil penalty).

The analysis assumes that the increase in civil penalty revenue to the state would be offset by a decrease in court cost revenue due to previous criminal violations now being treated as civil penalties. Estimated total court costs collected by justice and municipal courts from these cases would be \$855,602 (22,695 cases X \$58 in assessed court costs X 65 percent collection rate) of which 76 percent would be remitted to the state, or \$650,258 in All Funds. The reductions in court cost revenues are reflected in the table above for the Judicial Fund No. 573 and various General Revenue-Dedicated accounts. These General Revenue-Dedicated accounts include, but are not limited to: the Fair Defense Account, the Criminal Justice Planning Fund, and the Emergency Radio Infrastructure Fund.

OCA estimates that the number of third or subsequent violations is anticipated to be few and that

revenue from these cases is not anticipated to be significant. For the purposes of this analysis, it is assumed that collections from court costs for third and subsequent violations would remain the same.

This analysis assumes the provisions of the bill addressing sanctions for criminal offenses would not result in a significant impact on state correctional agencies.

Local Government Impact

According to OCA, local governments would see revenue decreases of \$1,475,175 each fiscal year due (based on an average civil penalty amount of \$100) primarily to civil penalties that are 100 percent remitted to the state being replacing court costs that have a state and local share. A Class C misdemeanor is punishable by a fine of not more than \$500. Costs associated with enforcement and prosecution could likely be absorbed within existing resources.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304
Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

LBB Staff: UP, CL, MW, GDz, AI, JPo, JGA