

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2578 by Thompson, Senfronia (Relating to the elimination of certain fees for licensure and the disposition of certain fees collected by the Texas Lottery Commission under the Bingo Enabling Act.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2578, As Engrossed: an impact of \$0 through the biennium ending August 31, 2019.

Additionally, the change to remitting bingo prize fees only on bingo prizes of more than \$5 will reduce the amount of revenue collected for the state, however, this amount cannot be quantified.

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	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2018	\$3,248,000	(\$3,248,000)
2019	\$3,248,000	(\$3,248,000)
2020	\$3,248,000	(\$3,248,000)
2021	\$3,248,000	(\$3,248,000)
2022	\$3,248,000	(\$3,248,000)

Fiscal Analysis

The bill would amend Chapter 2001 of the Occupations Code, regarding bingo, to abolish the fees for certain licenses and dedicate revenue from other bingo fees, as well as a portion of the local share of bingo prize fees, to fund the state's bingo administration functions.

The bill would abolish several license fees, including those for the bingo operator licenses, unit manager licenses, and bingo worker registration. Not later than January 1, 2018, the bill would require the Texas Lottery Commission to return to each license holder any portion of a fee that covers a period after August 31, 2017.

The bill would add new Section 2001.003 to establish the Legislature's intent that funding for this chapter's administration be appropriated from bingo prize fee collections, as well as fee collections from the commercial lessor, manufacturer's and distributor's licenses.

The bill would reduce the local share of bingo prize fees on a pro rata basis as necessary to retain the estimated amount required by the Commission for the administration of bingo for that year, less the amount of license fee revenue. Local governments would receive this disbursement at the end of each fiscal year, instead of quarterly.

The bill requires that the ratio between license fee collections and the amount of the local portion of bingo prize fees retained by the Commission be the same as the ratio between license fee collections and the amount appropriated to the Commission for bingo administration under HB 1 of the 84th Legislature. Any amount of the local portion of bingo prize fees that are retained would be considered miscellaneous revenue for purposes of appropriations made to the Commission.

The bill would amend Section 2001.502 to require that the amount of bingo prize fee collections remitted to the Commission be 5 percent of all prizes awarded of more than \$5.

The bill would take effect September 1, 2017.

Methodology

The fiscal impact of the elimination of certain bingo-related fees is based on the amount of revenue the applicable fees would generate as estimated by the Comptroller in the 2018-19 Biennial Revenue Estimate.

The Commission does not collect data on the prize amount awarded to each winner; thus the fiscal impact of the amendment to Section 2001.502 could not be estimated. However, it would likely result in a decrease in the amount of prize fees collected for the state by the Commission. As local governments can receive a share of the state collections, they are likely to receive decreased amounts as well.

This analysis assumes the "license fees" language in the proposed 2001.507(i) is referring to the non-profit fees this bill would eliminate, such as those for the bingo operator licenses, unit manager licenses, and bingo worker registration.

Local Government Impact

The local cities and counties would see a decrease estimated at \$3.2 million per year in allocations from bingo prize fee as a result of using a portion of their allocation to make up the difference in

funding the administration of bingo.

The change to remitting bingo prize fees only on bingo prizes of more than \$5 will reduce the amount of revenue collected for cities and counties, however, this amount cannot be quantified.

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

LBB Staff: UP, AG, SD