

## LEGISLATIVE BUDGET BOARD

Austin, Texas

### FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 6, 2017

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3611** by Lucio III (Relating to the termination of the entitlement of the state, a county, and certain municipalities to a share of a bingo prize fee collected in counties where certain illegal gambling occurs to the detriment of charitable bingo.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time. The expected number of illegal gambling complaints is unknown; therefore, the cost associated with investigating those complaints and the revenue loss associated with termination of bingo prize fee collections are also unknown.

The bill would amend the Occupations Code relating to the termination of the entitlement of the state, a county, and certain municipalities to a share of a bingo prize fee collected in counties where certain illegal gambling occurs to the detriment of charitable bingo.

The bill would permit any person to request that the Texas Lottery Commission (TLC) determine whether a business located in a county in which bingo is operated is conducting illegal gambling, and that the illegal gambling is a detriment to the conduct of charitable bingo. If TLC finds that these qualifications are met, the bill requires TLC to notify the Comptroller of Public Accounts (CPA) to terminate the state's authority to collect bingo prize fees under Section 2001.502 of the Occupations Code, and the entitlement to a local share of the prize fees under Section 2001.503 of the Occupations Code, in the county under investigation on the 30th day after the date of notice. The bill allows for lifting the suspension if it was made in error or if required by an order from the State Office of Administrative Hearings (SOAH).

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to the House and Senate, or otherwise on September 1, 2017.

Organizations with a license to conduct bingo currently remit a fee to the state in the amount of five percent of all bingo prizes awarded by the organization. Of this amount, fifty percent is then allocated to the organization's county and its municipalities. The CPA estimates biennial prize fees allocated to counties and municipalities to be \$28,961,000 in its 2018-19 Biennial Revenue Estimate. TLC estimates that provisions of the bill regarding the suspension of the collection of bingo prize fees would likely have a negative impact on both the state and local units of government, as the fees would remain with the bingo organizations under these circumstances; however, the amount cannot be estimated.

TLC estimates that provisions of the bill requiring it to investigate illegal gambling complaints

would require an additional two full-time equivalents (FTEs), at a cost of \$168,923 in fiscal year 2018 and \$162,589 each year thereafter. However, this analysis assumes the number of potential complaints that may arise is unknown.

Based on the analysis of SOAH and the CPA, duties and responsibilities associated with implementing the provisions of the bill for those agencies could be accomplished by utilizing existing resources.

### **Local Government Impact**

According to TLC and the CPA, the impact to local government cannot be estimated; TLC estimates that bill would have a negative impact on cities and counties if the local share of the prize fee is suspended due to illegal gaming.

Cameron County and Hays County report that the bill would have no fiscal impact.

**Source Agencies:** 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 362 Texas Lottery Commission

**LBB Staff:** UP, AO, CL, EH, JGA