

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 23, 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 suspension of the entitlement of a county and certain municipalities to a local share of a bingo prize fee in counties where certain illegal gambling occurs to the detriment of charitable bingo.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time; however it is anticipated that any impacts from the provisions of the bill would not be significant. The expected number of illegal gambling complaints is unknown; therefore, the cost associated with investigating those complaints and the revenue loss associated with suspension of bingo prize fee collections are also unknown.

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

The bill would permit an organization with a license to conduct bingo to provide evidence to the Texas Lottery Commission (TLC) that a business located in the same county is conducting illegal gambling and is causing a substantial detriment to charitable bingo. If TLC finds the complaints brought by the organization are warranted, the bill requires TLC to notify the Comptroller of Public Accounts (CPA) to suspend 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. 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) or a court of competent jurisdiction.

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.

The Texas Association of Counties, Deaf Smith County, Cherokee 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, CL, EH, AO, JGA