

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 4, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB78 by Raymond (Relating to local option elections to legalize or prohibit the operation of eight-liners; imposing fees; creating criminal offenses; increasing criminal penalties.),
As Introduced

Although fees established by the bill could result in additional revenue, the number and timing of local elections legalizing eight-liners is not known and the fiscal implications therefore cannot be determined.

The bill would amend the Election, Occupations, Local Government and Penal Codes relating to local option elections to legalize or prohibit the operation of eight-liners; imposing fees; creating criminal offenses; increasing criminal penalties.

The bill would amend the Election Code to regulate local option elections for the legalization or prohibition of eight-liner operations. Based on the analysis of the Secretary of State it is assumed that the provisions of the bill relating to the regulation of eight-liner elections could be absorbed using existing state resources.

The bill would impose a \$350 annual fee on each eight-liner machine. Thirty percent of collected revenue would be deposited to the state's general revenue fund; the remaining 70 percent would be remitted to municipalities and/or counties, depending on the location of each eight-liner machine. Eight-liner machines would be excluded from the definition of coin-operated machines subject to the coin-operated machine tax of \$60 per machine annually. Thus, state fee revenue on eight-liners would increase to \$105 ($\$350 \times 30\% = \105) per machine annually. The bill would also create a \$5 fee for a duplicate fee permit. Although fees established by the bill could result in additional revenue, the number and timing of local elections legalizing eight-liners is not known and the fiscal implications therefore cannot be determined.

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

With the exception of the provisions of the bill related to fees on eight-liners, which would take effect January 1, 2020, the bill would take effect on the effective date of the authorizing constitutional amendment.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or

outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

According to the Texas Association of Counties (TAC) the fiscal impact of the bill would primarily be from election costs. The bill would allow a county, municipality, or precinct one election per year. The following are estimated single election costs by jurisdiction compiled by TAC: Brazos County: \$40,000 to \$50,000; Chambers County: \$20,000; Fort Bend County: \$50,000 to \$150,000, if election held in November \$10,000 to \$15,000; Hunt County: \$20,000, but could be an insignificant amount if held in November. Webb County: \$35,000 to \$40,000; Williamson County: \$100,000, but could be lower (tens of thousands in dollars) if the election is held during a November general election; and Young County: \$5,000 to \$10,000.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 307 Secretary of State, 362 Texas Lottery Commission, 696 Department of Criminal Justice

LBB Staff: WP, CLo, NV, JMO, JPo, AF