

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 11, 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: **HB914** by Thompson, Senfronia (Relating to the regulation of bingo games.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB914, Committee Report 1st House, Substituted: a positive impact of \$57,440,000 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$28,720,000
2021	\$28,720,000
2022	\$28,720,000
2023	\$28,720,000
2024	\$28,720,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Bingo Administration 5175	Probable Revenue Gain/(Loss) from General Revenue Fund - Prize Fees Transferred to Charitable Organizations 1
2020	\$29,400,000	(\$29,400,000)	(\$680,000)
2021	\$29,400,000	(\$29,400,000)	(\$680,000)
2022	\$29,400,000	(\$29,400,000)	(\$680,000)
2023	\$29,400,000	(\$29,400,000)	(\$680,000)
2024	\$29,400,000	(\$29,400,000)	(\$680,000)

Fiscal Analysis

The bill would amend the Occupations Code as it relates to the regulation of bingo games.

The bill would transfer certain responsibilities from an organization that holds a license to conduct bingo to the Texas Lottery Commission (commission). The bill would extend the amount of time a licensed authorized organization can employ certain individuals while the employee awaits the results of a background check by the commission.

The bill would expand the number of bingo occasions that can be held during a week under certain circumstances. The bill would expand the timeframe in which cards, tickets, and devices could be sold for a bingo occasion. The bill would make modifications to reporting procedures related to sales. The bill would extend the amount of time a licensed authorized organization has to deposit funds into the bingo account. The bill would require that the bingo operations of a licensed authorized organization or unit would have to result in net proceeds over each 18-month period.

The bill would require a licensed authorized organization or unit to remit 50 percent of the amount collected as the prize fee to the commission and a certain amount to the county and/or the municipality if the county or municipality in which the bingo game is conducted voted before November 1, 2019 to impose the prize fee. The bill would deposit 50 percent of the amount collected as prize fee to the general fund of the charitable organization if a county or municipality is not entitled to a percentage of the prize fee collected, or voted to discontinue the fee after November 1, 2019.

Under the provisions of the bill, the prize fee would not apply to a merchandise prize awarded for winning a bingo game. The bill would require counties or municipalities currently entitled to receive a portion of the prize fee to continue to receive a portion of the prize fee if a majority vote of the members of the governing body approves the continued receipt of funds and notifies the commission and each licensed authorized organization within the county's or municipality's jurisdiction of the continuance of the fee.

The bill would require the commission to notify the governing body of a county or municipality that is entitled to receive a portion of the prize fee before January 1, 2020 of the new requirements for continued receipt of the prize fee by October 1, 2019.

The bill would repeal various sections of the Occupations Code which would eliminate certain refunds under the Occupations Code related to bingo.

The bill would take effect January 1, 2020. Provisions of the bill related to the imposition, collection, and deposit of the prize fee would take effect September 1, 2019.

Methodology

Bingo prize fee revenue is currently collected by the commission and deposited to GR Account 5175 - Bingo Administration. The commission determines the local share of revenue and at the end of each fiscal year sends the local share to local governments and transfers the remaining amount to General Revenue Fund 0001. Interest earned on funds in GR Account 5175 - Bingo Administration Account is deposited to General Revenue Fund 0001. Under the bill, the prize fee would be deposited directly to General Revenue Fund 0001.

Under current statute, a county or municipality that imposed a gross receipts tax on bingo as of January 1, 1993, is entitled to 50 percent of bingo prize fees collected. Under the provisions of the bill, a county or municipality in which a bingo game is conducted is entitled to 50 percent of the amount of the collected prize fee if the county or municipality voted to impose the prize fee

before November 1, 2019. The allocation of the prize fee is similar to current statute except in cases where a county or municipality is not entitled to a percentage of the amount of fees collected or votes to discontinue the fee after November 1, 2019. Under those conditions, 50 percent of the prize fee would be deposited with the charitable organization. Under current law, revenue is not deposited with the charitable organization; that revenue is deposited to General Revenue Fund 0001. According to the Texas Lottery Commission, based on fiscal 2018 prize collections, revenue deposited to the General Revenue Fund 0001 for prize fees would be reduced by an estimated \$680,000 per year.

Provisions of the bill that expand the number of bingo occasions that can be held during a week could increase bingo fee revenue. However, the amount of the increase cannot be determined.

In fiscal 2018, \$607,131 was collected under comptroller object code 3152 Bingo Operators/Lessors. Based on the 2020-21 Biennial Revenue Estimate, collections are projected to be \$629,000 per fiscal year. As the revenue collected under comptroller object code 3152 cannot be separated from the revenue that will not be affected by the provisions of the bill, the revenue impact of the refund provisions of the bill cannot be determined.

The fiscal impact above represents revenue deposited to GR Account 5175 from bingo prize fees that would be deposited directly to the General Revenue Fund 0001 and the revenue loss to the General Revenue Fund 0001 due to prize fees deposited to the general fund of the charitable organization under certain circumstances.

Local Government Impact

In FY 2018, 54 counties and 95 cities received charitable bingo allocations. Any bingo prize fee designated for those counties and municipalities not voted on by the local jurisdiction by November 2019 will be retained in the general charitable fund of the organization or unit and no longer remitted to the local jurisdictions.

According to Ector and Smith counties, no fiscal impact to their counties is anticipated.

Travis County anticipates an annual revenue loss from the Bingo Gross Receipts Tax of \$450,000.

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

LBB Staff: WP, SD, CLo, AF