

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 9, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

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

IN RE: **SB1769** by Taylor (Relating to collection of taxes by the Texas Alcoholic Beverage Commission at certain ports of entry.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1769, As Introduced: a negative impact of (\$811,310) 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	(\$395,821)
2021	(\$415,489)
2022	(\$435,592)
2023	(\$456,305)
2024	(\$477,645)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2019
2020	\$261,248	(\$657,069)	(3.0)
2021	\$261,292	(\$676,781)	(3.0)
2022	\$261,492	(\$697,084)	(3.0)
2023	\$261,692	(\$717,997)	(3.0)
2024	\$261,892	(\$739,537)	(3.0)

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code to prohibit the Texas Alcoholic Beverage Commission (TABC) from collecting taxes or allocating resources for the collection of taxes from persons importing alcoholic beverages at a port of entry facility located at the cruise ship terminal. According to TABC, there are active port of entry facilities at two cruise ship terminals in Galveston, Texas. TABC indicates the agency would terminate several contracts and

eliminate three FTE positions (one supervisor and four part-time employees) in order to comply with the provision of the bill. In fiscal year 2020, TABC estimates a savings of approximately \$261,248, predominately from salary, benefits, and other personnel expenses. According to TABC, discontinuing the collection of taxes at the two cruise ship terminals would have a revenue loss of approximately \$657,069 in FY 2020.

The bill would take effect September 1, 2019.

Methodology

In FY 2018, TABC collected \$657,069 in tax revenue from the two ports of entry facilities located at cruise ship terminals. TABC anticipates that revenue collections at cruise ship port of entry facilities would increase by approximately 3 percent per year. TABC used FY 2018 rates for leased space and temporary employee contracts to calculate approximate savings.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

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