

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 16, 2021**

**TO:** Honorable Senfronia Thompson, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB770** by Wu (Relating to the regulation of poker clubs in certain counties; providing civil penalties; authorizing an occupational license; authorizing a fee; creating a criminal offense.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Local Government Code as it relates to county regulation of businesses and occupations to give the commissioners court of a county the authority to regulate poker clubs. The bill would allow a county to impose a fee for certain licenses related to the operation of a poker club; create a civil penalty of not more than \$10,000 for certain violations; and create a Class A misdemeanor offense for operating a poker club in violation of a regulation or order adopted by the commissioner's court.

The Texas Lottery Commission anticipates that the legalization of poker clubs as authorized by the bill could have various fiscal implications. With legalized poker games, increased gaming competition within the state could decrease lottery sales. Declines in sale revenue could ultimately reduce the commission's contribution to the state's Foundation School Fund and the Fund for Veteran's Assistance.

According to the Office of Court Administration, no significant fiscal impact to the state court system is anticipated.

**Local Government Impact**

The Lottery Commission estimates that the bill could have uneven impacts on levels of local government. Poker clubs could generate additional revenue for Harris County, which is the only county to which the bill would apply, but the associated shift in gaming behavior could decrease Charitable Bingo sales and games whose associated Bingo prize fees are partially allocated to participating local jurisdictions.

A Class A misdemeanor is punishable by a fine of not more than \$4,000, confinement in jail for a term not to exceed one year, or both. Costs associated with enforcement, prosecution and confinement could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal implication.

**Source Agencies:** 212 Office of Court Admin, 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 452 Dept of License & Reg

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