

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB1667 by Geren (Relating to the amount of the fee for issuing certain alcoholic beverage permits.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1667, Committee Report 2nd House, Substituted: a positive impact of \$202,550 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$101,275
2009	\$101,275
2010	\$101,275
2011	\$101,275
2012	\$101,275

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1
2008	\$101,275
2009	\$101,275
2010	\$101,275
2011	\$101,275
2012	\$101,275

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code relating to the amount of the fee for issuing certain alcoholic beverage permits.

The bill would amend the Alcoholic Beverage Code, Sections 25 and 69, which states the annual state fee for a wine and beer retailer's permit is \$275. The bill states the annual state fee for an original wine and beer retailer's permit and a retail dealer's on-premise license located in a county with a population of 1.4 million or more other than a permit issued with a food and beverage certificate is \$1000 and the annual renewal of each license is \$750. The bill states the annual state fee for an original and annual renewal of a wine and beer retailer's permit issued to a fraternal organization is \$175. The bill states the annual state fee for a retail dealer's on-premise license is \$250. The bill states the annual state fee for an original and annual renewal of a retail dealer's on-premise license issued to a fraternal organization is \$150. The bill would take effect September 1, 2007 and apply only to fees due on or after the effective date of this Act.

Methodology

The Alcoholic Beverage Commission (TABC) states that there are currently 2,410 wine and beer retailer's permit holders in Harris, Dallas, and Tarrant counties (populations at 1.4 million or more) with 1,043 holding a food and beverage certificate. The renewal fee of these current applications would be reduced from \$750 ($\$750 \times 1,043 = \$782,250$) to \$275 ($\$275 \times 1,043 = \$286,825$) which would be a General Revenue loss of \$495,425 per year. Based on current information, there are 137 retail dealer's on-premise licenses in Harris, Dallas and Tarrant Counties (populations at 1.4 million or more) with a food and beverage certificate. The renewal fee of these current applications would be reduced from \$750 ($\$750 \times 137 = \$102,750$) to \$250 ($\$250 \times 137 = \$34,250$) which would be a General Revenue loss of \$68,500 per year. By reducing the fees of these three counties, the state would experience a total General Revenue loss of \$563,925 per year ($\$495,425 + \$68,500$).

TABC states that there are currently 5,907 wine and beer retailer's permits in all other counties throughout the state. The renewal fee of these current applications would increase from \$175 ($\$175 \times 5,907 = \$1,033,725$) to \$275 ($\$275 \times 5,907 = \$1,624,425$) which would be a General Revenue gain of \$590,700. Based on current information, there are 1,120 retail dealer's on-premise licenses in all other counties throughout the state. The renewal fee of these current applications would increase from \$150 ($\$150 \times 1,120 = \$168,000$) to \$250 ($\$250 \times 1,120 = \$280,000$) which would be a General Revenue gain of \$112,000. By increasing the fees for all other counties, the state would experience a total General Revenue gain of \$702,700 per year ($\$590,700 + \$112,000$). Included in this revenue gain are 375 fraternal and veteran's organizations and the revenues are \$100 less per entity than are currently charged. Because of this change, the revenue estimate of \$702,700 would need to be reduced by \$37,500 ($375 \times \100). The net revenue change would be an overall General Revenue increase of \$101,275 per year ($\$702,700 - \$563,925 - \$37,500$).

Technology

The technology costs estimated to comply with the provisions of the bill include \$10,800 in General Revenue in fiscal year 2008 for program changes to the permit licensing system. This analysis assumes TABC can absorb this fiscal impact within current appropriations.

Local Government Impact

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

Source Agencies: 458 Alcoholic Beverage Commission

LBB Staff: JOB, JRO, GG, LG