

By: Kuempel

H.B. No. 4237

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the authorization, licensing, and regulation of casino
3 gaming in this state and the creation, powers, and duties of the
4 Texas Gaming Commission; imposing and authorizing administrative
5 and civil penalties; imposing a tax; imposing and authorizing fees;
6 requiring occupational licenses; creating criminal offenses;
7 making an appropriation.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 SECTION 1. Title 13, Occupations Code, is amended by adding
10 Subtitle E to read as follows:

11 SUBTITLE E. CASINO GAMING REGULATED BY TEXAS GAMING COMMISSION

12 CHAPTER 2201. GENERAL PROVISIONS; TEXAS GAMING COMMISSION

13 SUBCHAPTER A. GENERAL PROVISIONS

14 Sec. 2201.001. DEFINITIONS. In this subtitle:

15 (1) "Affiliate" means a person who, directly or
16 indirectly through one or more intermediaries, controls, is
17 controlled by, or is under common control with another person. A
18 person is considered to control a company if the person
19 beneficially owns more than a five percent equity interest in the
20 company under the beneficial ownership rules adopted by the
21 commission.

22 (2) "Applicant" means a person who has applied for a
23 casino owner's license, a casino operator's license, an
24 occupational license, a manufacturer's license, a casino service

1 license, or a qualification to hold an equity interest in a casino
2 owner license holder who has applied for the approval of any act or
3 transaction for which approval is required or allowed under this
4 subtitle.

5 (3) "Associated equipment" means any equipment,
6 including a mechanical, electromechanical, or electronic
7 contrivance, component, or machine, used in connection with gaming
8 or with any game that would not otherwise be classified as a gaming
9 device. The term includes dice, playing cards, links connecting
10 progressive slot machines, equipment affecting the proper
11 reporting of gross gaming revenue, computerized systems or software
12 for monitoring slot machines, and devices for weighing or counting
13 money.

14 (4) "Casino" means a facility at which gambling games
15 are conducted for profit, as authorized by Chapters 2202 and 2203.

16 (5) "Casino gaming," "casino game," or "gambling
17 game":

18 (A) means any game or similar activity that
19 involves the making of a bet, as defined by Section 47.01, Penal
20 Code, for consideration and includes a banking or percentage game
21 played with cards, dice, or a mechanical, electromechanical, or
22 electronic device or machine for money, property, checks, credit,
23 or a representative of value, including table games such as
24 roulette, keno, twenty-one, blackjack, craps, poker, chuck-a-luck
25 (dai shu), wheel of fortune, chemin de fer, baccarat, pai gow, slot
26 machine, any other electronic game of chance, and any other table
27 game or device approved by the commission; and

1 (B) does not include:

2 (i) bingo authorized under Chapter 2001;

3 (ii) charitable raffles authorized under
4 Chapter 2002;

5 (iii) the state lottery conducted under
6 Chapter 466, Government Code; or

7 (iv) the making of a bet that:

8 (a) occurs in a private place, as
9 defined by Section 47.01, Penal Code;

10 (b) in connection with, no person
11 receives any economic benefit other than personal winnings; and

12 (c) except for the advantage of skill
13 or luck, involves risks of losing and chances of winning that are
14 the same for all participants.

15 (6) "Casino operator" means a person other than the
16 casino owner license holder who contractually agrees to provide
17 operational and managerial services for the operation of a casino
18 on behalf of the casino owner license holder in return for receiving
19 a payment based wholly or partly on profits or receipts from the
20 casino.

21 (7) "Casino operator's license" or "operator's
22 license" means a license issued under Section 2202.101.

23 (8) "Casino owner's license" or "owner's license"
24 means a license issued under Section 2202.052.

25 (9) "Casino service" means the provision of goods or
26 services, including security service and gaming schools, to a
27 person holding a casino owner's or operator's license under this

1 subtitle, other than a service requiring a manufacturer's license.

2 (10) "Casino service license" means a license issued
3 under Section 2202.152.

4 (11) "Commission" means the Texas Gaming Commission.

5 (12) "Company" means a corporation, partnership,
6 limited partnership, trust, association, joint stock company,
7 joint venture, limited liability company, or other form of business
8 organization. The term does not include a sole proprietorship or
9 natural person.

10 (13) "Destination resort" means a mixed-use
11 development consisting of a combination of various tourism
12 amenities and facilities, including hotels, restaurants, meeting
13 facilities, attractions, entertainment facilities, shopping
14 centers, and casino gaming facilities.

15 (14) "Director" means a member of the board of
16 directors of a corporation and a person performing similar
17 functions with respect to a company other than a corporation.

18 (15) "Equity interest" means a proprietary interest,
19 right, or claim allowing the holder to vote with respect to matters
20 of organizational governance or participate in the profits and
21 residual assets of a company, including common and preferred stock
22 in a corporation, a general or limited partnership interest in a
23 partnership, a similar interest in any other form of business
24 organization, and a warrant, right, or similar interest to
25 subscribe for a proprietary right or claim or that is convertible
26 into a proprietary right or claim, with or without the payment of
27 additional consideration.

1 (16) "Executive director" means the executive
2 director of the commission.

3 (17) "Gaming agreement" means an agreement authorized
4 under Chapter 2202 or 2203 between this state and a federally
5 recognized Indian tribe with Indian lands in this state under which
6 this state allows the tribe to conduct limited gaming activities
7 authorized under Chapter 2202 or 2203 or applicable federal law.

8 (18) "Gaming-related business" means any business
9 engaged in the service or support of gaming activities regulated
10 under this subtitle or commission rule.

11 (19) "Gaming device" means a mechanical,
12 electromechanical, or electronic contrivance, component, or
13 machine used in connection with casino gaming or a gambling game
14 that affects the result of a wager by determining win or loss. The
15 term includes a system for processing information that can alter
16 the normal criteria of random selection, affect the operation of a
17 game, or determine the outcome of a game.

18 (20) "Gaming employee":

19 (A) means an individual directly involved in the
20 operation or conduct of casino gaming in a casino performing a
21 service in a capacity that the commission finds appropriate for
22 occupational licensing under Section 2202.102 and includes:

23 (i) a boxman, a cashier, change personnel,
24 counting room personnel, a dealer, a floor person, a host empowered
25 to extend credit or complimentary services, a keno runner, a keno
26 writer, a machine mechanic, or security personnel;

27 (ii) a shift or pit boss or a supervisor or

1 manager involved in gaming activities;

2 (iii) accounting or internal auditing
3 personnel directly involved in recordkeeping or the examination of
4 records generated from gaming activities; and

5 (iv) a junketeer or other independent agent
6 whose compensation is based on the amount of money a patron wagers
7 or loses or who is paid per patron more than the price of admission;
8 and

9 (B) does not include bartenders, cocktail
10 waitresses, or other individuals engaged exclusively in preparing
11 or serving food or beverages or individuals providing nominal,
12 complimentary, or maintenance services.

13 (21) "Gaming position" means a designated place for a
14 person to engage in casino gaming at a table game or slot machine.

15 (22) "Gross gaming revenue":

16 (A) means the total amount of the following, less
17 the sum of all money paid as losses to patrons, the amounts paid to
18 purchase from independent financial institutions annuities to fund
19 losses paid to patrons, and the items made deductible as losses
20 under Section 2202.303:

21 (i) money paid to an owner license holder
22 from players of gambling games;

23 (ii) money received by an owner license
24 holder in payment for credit extended by the owner license holder to
25 a patron for the purposes of gaming; and

26 (iii) compensation received by an owner
27 license holder for conducting any gambling game in which the

1 license holder is not a party to a wager; and

2 (B) does not include:

3 (i) counterfeit money or tokens;

4 (ii) coins of other countries that are
5 received in slot machines or gaming devices;

6 (iii) cash taken in fraudulent acts
7 perpetrated against an owner's license holder for which the holder
8 is not reimbursed; or

9 (iv) cash received as entry fees for
10 contests or tournaments in which the patrons compete for prizes.

11 (23) "Hearing examiner" means a person authorized by
12 the commission to conduct hearings.

13 (24) "Indian lands" means land that was held in trust
14 by the United States on January 1, 1998, for the benefit of the
15 Indian tribe pursuant to the Ysleta del Sur Pueblo and Alabama and
16 Coushatta Indian Tribes of Texas Restoration Act (Pub. L.
17 No. 100-89) or on which gaming is permitted under the Indian Gaming
18 Regulatory Act (18 U.S.C. Section 1166 et seq. and 25 U.S.C. Section
19 2701 et seq.).

20 (25) "Institutional investor" means a person, other
21 than a state or federal government pension plan, that meets the
22 requirements of a qualified institutional buyer, as that term is
23 defined by 17 C.F.R. Section 230.144A and is:

24 (A) a bank as defined by Section 3(a)(6),
25 Securities Exchange Act of 1934 (15 U.S.C. Section 78c);

26 (B) an insurance company as defined by Section
27 2(a)(17), Investment Company Act of 1940 (15 U.S.C. Section 80a-2);

1 (C) an investment company registered under
2 Section 8, Investment Company Act of 1940 (15 U.S.C. Section
3 80a-8);

4 (D) an investment adviser registered under
5 Section 203, Investment Advisers Act of 1940 (15 U.S.C. Section
6 80b-3);

7 (E) a collective trust fund as defined by Section
8 3(c)(11), Investment Company Act of 1940 (15 U.S.C. Section 80a-3);

9 (F) an employee benefit plan or pension fund that
10 is subject to the Employee Retirement Income Security Act of 1974
11 (29 U.S.C. Section 1001 et seq.), excluding an employee benefit
12 plan or pension fund sponsored by a publicly traded corporation
13 registered with the commission;

14 (G) a state or federal government pension plan;

15 (H) a group composed entirely of persons
16 specified in Paragraphs (A)-(G); or

17 (I) any other person the commission determines
18 for reasons consistent with the policies expressed in Section
19 2202.001.

20 (26) "Key executive" means a corporation's directors
21 and executive officers, a partnership's general partners, a trust's
22 trustee, a joint venture's managing venturers, and each person
23 possessing similar responsibilities and authorities in any other
24 form of business organization.

25 (27) "License holder" means a person who holds a
26 license issued by the commission.

27 (28) "Limited casino gaming" means casino gaming in a

1 licensed facility such as a Class II or Class III casino that is
2 limited to not more than 1250 gaming positions, of which not more
3 than 25 percent may be at table games.

4 (29) "Manufacturer's license" means a license issued
5 under Section 2202.151.

6 (30) "Metropolitan statistical area" means a
7 metropolitan statistical area designated by the United States
8 Office of Management and Budget.

9 (31) "Credit instrument" means a writing that
10 evidences a gaming debt owed to a casino owner license holder at the
11 time the debt is created, and includes any writing taken in
12 consolidation, redemption, or payment of a previous credit
13 instrument.

14 (32) "Occupational license" means a license issued
15 under Section 2202.102.

16 (33) "Pari-mutuel wagering" has the meaning assigned
17 by Section 2021.003.

18 (34) "Player" means a person who contributes any part
19 of the consideration to play a gambling game. Consideration does
20 not include a separate fee payable in order to wager.

21 (35) "Principal manager" means a person who, as
22 determined under the rules of the commission, holds or exercises
23 managerial, supervisory, or policy-making authority over the
24 management or operation of a gaming activity or casino service that
25 in the judgment of the commission warrants the occupational
26 licensing as a principal manager for the protection of the public
27 interest. The term includes a key executive of a license holder that

1 is a company.

2 (36) "Slot machine" means a mechanical, electrical, or
3 other device or machine that, on insertion of a coin, token, or
4 similar object or on payment of consideration, is available to play
5 or operate, the play or operation of which, wholly or partly by the
6 element of chance, may entitle the player operating the machine to
7 receive or deliver to the player a payment for winnings in the form
8 of cash, premiums, merchandise, tokens, or any other thing of
9 value. The term does not include any electronic, electromechanical,
10 or mechanical contrivance designed, made, and adapted solely for
11 bona fide amusement purposes if the contrivance rewards the player
12 exclusively with noncash merchandise prizes, toys, or novelties, or
13 a representation of value redeemable for those items, that have a
14 wholesale value available from a single play of the game or device
15 of not more than 10 times the amount charged to play the game or
16 device once or \$5, whichever is less.

17 (37) "Sports event" means:

18 (A) a football, basketball, baseball, or similar
19 game;

20 (B) a boxing or martial arts match;

21 (C) a horse or dog race on which pari-mutuel
22 wagering is authorized by law; or

23 (D) any other event designated by the commission.

24 Sec. 2201.002. APPLICATION OF SUNSET ACT. (a) The Texas
25 Gaming Commission is subject to Chapter 325, Government Code (Texas
26 Sunset Act). Unless continued in existence as provided by that
27 chapter, the commission is abolished September 1, 2031.

1 (b) On the date the commission is abolished under Subsection
2 (a), the following statutes are repealed:

3 (1) this chapter;

4 (2) Chapter 2202; and

5 (3) Chapter 2203.

6 Sec. 2201.003. REFERENCES TO LICENSE INCLUDE CERTIFICATE OF
7 REGISTRATION, FINDING OF SUITABILITY, OR OTHER APPROVAL. A
8 reference in this subtitle to a license applies to a certificate of
9 registration, finding of suitability, or other affirmative
10 regulatory approval provided under this subtitle, other law, or
11 commission rule, unless otherwise expressly provided by this
12 subtitle, another state or federal law, or commission rule.

13 Sec. 2201.004. EXEMPTION FROM TAXATION. A political
14 subdivision of this state may not impose:

15 (1) a tax on the payment of a prize under Chapter 2203;

16 (2) a tax, fee, or other assessment on consideration
17 paid to play a gambling game authorized by this subtitle; or

18 (3) a tax or fee on attendance at or admission to a
19 casino authorized by this subtitle unless specifically authorized
20 by statute.

21 SUBCHAPTER B. TEXAS GAMING COMMISSION

22 Sec. 2201.051. COMMISSION; MEMBERSHIP. (a) The Texas
23 Gaming Commission is composed of five members appointed by the
24 governor with the advice and consent of the senate.

25 (b) Appointments to the commission shall be made without
26 regard to race, color, disability, sex, religion, age, or national
27 origin.

1 Sec. 2201.052. QUALIFICATIONS OF COMMISSION MEMBERS. To be
2 eligible for appointment to the commission, a person:

3 (1) must be a citizen of the United States;

4 (2) must have resided in this state for the two years
5 preceding the date of the person's appointment;

6 (3) must submit a financial statement that contains
7 the information required by Chapter 572, Government Code;

8 (4) may not own a financial or other interest in an
9 entity engaged in the conduct of casino gaming or the provision of
10 casino services, or in a security issued by that entity, or be
11 related within the second degree by affinity or the third degree by
12 consanguinity, as determined under Chapter 573, Government Code, to
13 an individual who owns such a financial or other interest or
14 security;

15 (5) may not be an applicant for or holder of a license
16 under a law administered by the commission or hold an equity
17 interest in an owner license holder requiring qualification under
18 Section 2202.060;

19 (6) may not be a member of the governing body of a
20 political subdivision of this state; and

21 (7) may not hold an elective office or be an officer or
22 official of a political party.

23 Sec. 2201.053. MEMBERSHIP AND EMPLOYEE RESTRICTIONS. (a)
24 In this section, "Texas trade association" means a cooperative and
25 voluntarily joined association of business or professional
26 competitors in this state designed to assist its members and its
27 industry or profession in dealing with mutual business or

1 professional problems and in promoting their common interest.

2 (b) A person may not be a commission member or an employee of
3 the commission employed in a "bona fide executive, administrative,
4 or professional capacity," as that phrase is used for purposes of
5 establishing an exemption to the overtime provisions of the federal
6 Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if:

7 (1) the person is an officer, employee, manager, or
8 paid consultant of a Texas trade association in the field of gaming;
9 or

10 (2) the person's spouse is an officer, manager, or paid
11 consultant of a Texas trade association in the field of gaming.

12 (c) A person may not be a commission member or act as general
13 counsel to the commission if the person is required to register as a
14 lobbyist under Chapter 305, Government Code, because of the
15 person's activities for compensation on behalf of a profession
16 related to the operation of the commission.

17 Sec. 2201.054. TERMS; VACANCIES. (a) Members of the
18 commission serve staggered six-year terms, with the term or terms
19 of one or two members expiring February 1 of each odd-numbered year.

20 (b) The governor shall fill a vacancy in a position on the
21 commission for the remainder of the unexpired term.

22 Sec. 2201.055. PRESIDING OFFICER. The governor shall
23 designate a commission member as presiding officer of the
24 commission to serve in that capacity at the pleasure of the
25 governor.

26 Sec. 2201.056. MEETINGS; OFFICIAL RECORD. (a) The
27 commission shall meet not less than six times each year.

1 (b) The commission may meet at other times at the call of the
2 presiding officer or as provided by commission rule.

3 (c) The commission shall keep an official record of all
4 commission meetings and proceedings.

5 Sec. 2201.057. GROUNDS FOR REMOVAL. (a) It is a ground for
6 removal from the commission that a member:

7 (1) does not have at the time of taking office the
8 qualifications required by Section 2201.052;

9 (2) does not maintain during service on the commission
10 the qualifications required by Section 2201.052;

11 (3) is ineligible for membership under Section
12 2201.053;

13 (4) cannot, because of illness or disability,
14 discharge the member's duties for a substantial part of the member's
15 term; or

16 (5) is absent from more than half of the regularly
17 scheduled commission meetings that the member is eligible to attend
18 during a calendar year without an excuse approved by a majority vote
19 of the commission.

20 (b) The validity of an action of the commission is not
21 affected by the fact that it is taken when a ground for removal of a
22 commission member exists.

23 (c) If the executive director or any other commission member
24 has knowledge that a potential ground for removal of a commission
25 member exists, the executive director shall notify the presiding
26 officer of the commission of the potential ground for removal. The
27 presiding officer shall then notify the governor and the attorney

1 general that a potential ground for removal exists. If the
2 potential ground for removal involves the presiding officer, the
3 executive director shall notify the other commission members, the
4 governor, and the attorney general that a potential ground for
5 removal exists.

6 Sec. 2201.058. TRAINING. (a) A person who is appointed to
7 and qualifies for office as a commission member may not vote,
8 deliberate, or be counted as a member in attendance at a meeting of
9 the commission until the person completes a training program that
10 complies with this section.

11 (b) The training program must provide the person with
12 information regarding:

13 (1) this subtitle and other laws related to casino
14 gaming or gambling regulated by the commission;

15 (2) the commission's programs, functions, rules, and
16 budget;

17 (3) the results of the most recent formal audit of the
18 commission;

19 (4) the requirements of laws relating to open
20 meetings, public information, administrative procedure, and
21 conflict of interest; and

22 (5) any applicable ethics policies adopted by the
23 commission or the Texas Ethics Commission.

24 (c) A person appointed to the commission is entitled to
25 reimbursement, as provided by the General Appropriations Act, for
26 travel expenses incurred in attending the training program
27 regardless of whether the attendance at the program occurs before

1 or after the person qualifies for office.

2 Sec. 2201.059. QUALIFICATIONS AND STANDARDS OF CONDUCT
3 INFORMATION. The executive director or the executive director's
4 designee shall provide to commission members, as often as
5 necessary, information regarding their:

- 6 (1) qualifications for office under this chapter; and
7 (2) responsibilities under applicable laws relating
8 to standards of conduct for state officers.

9 Sec. 2201.060. BOND. (a) Before assuming the duties of
10 office, a commission member must execute a bond in the amount of
11 \$25,000 payable to the state and conditioned on the member's
12 faithful performance of the member's duties of office.

13 (b) The bond must be approved by the governor.

14 (c) The cost of the bond shall be paid by the commission.

15 Sec. 2201.061. PROHIBITION OF CERTAIN ACTIVITIES. (a) A
16 commission member may not:

17 (1) use the member's official authority to affect the
18 result of an election or nomination for public office; or

19 (2) directly or indirectly coerce, attempt to coerce,
20 command, or advise a person to pay, lend, or contribute anything of
21 value to another person for political purposes.

22 (b) A commission member or the parent, spouse, or child of a
23 commission member may not solicit or accept employment from a
24 license holder under a law administered by the commission or from an
25 applicant for a license before the second anniversary of the date
26 the commission member's service on the commission ends.

27 Sec. 2201.062. APPLICATION OF FINANCIAL DISCLOSURE LAW.

1 For purposes of Chapter 572, Government Code, a commission member
2 and the executive director are appointed officers of a major state
3 agency.

4 Sec. 2201.063. PER DIEM; EXPENSES. (a) A commission member
5 is entitled to:

6 (1) a per diem in an amount prescribed by
7 appropriation for each day spent in performing the duties of the
8 member; and

9 (2) reimbursement for actual and necessary expenses
10 incurred in performing those duties.

11 (b) Reimbursement for expenses under this section is
12 subject to any applicable limitation in the General Appropriations
13 Act.

14 Sec. 2201.064. EXECUTIVE DIRECTOR. (a) The commission
15 shall appoint an executive director, who serves at the pleasure of
16 the commission.

17 (b) A person is not eligible for appointment as executive
18 director if the person:

19 (1) holds an elective office or is an officer or
20 official of a political party; or

21 (2) is required to register as a lobbyist under
22 Chapter 305, Government Code, because of the person's activities
23 for compensation on behalf of a profession related to the operation
24 of the commission.

25 (c) The executive director must have five or more years of
26 responsible administrative experience in public or business
27 administration or possess broad management skills.

1 (d) The executive director may not pursue any other business
2 or occupation or hold any other office for profit.

3 (e) The executive director must meet all eligibility
4 requirements relating to commission members, except the
5 requirement for prior residency in this state.

6 (f) The executive director is entitled to an annual salary
7 and other compensation specified by the commission.

8 (g) The executive director or the parent, spouse, or child
9 of the executive director may not, before the second anniversary of
10 the date the director's service to the commission ends, acquire a
11 direct or indirect interest in or be employed by an entity licensed
12 or registered by the commission in connection with the conduct of
13 gaming or the provision of casino services in this state.

14 Sec. 2201.065. OFFICES. The commission shall maintain its
15 primary office in Travis County and may maintain other offices
16 determined to be necessary by the commission.

17 Sec. 2201.066. AUTHORITY TO SUE OR BE SUED; VENUE FOR CIVIL
18 SUITS. (a) Subject to Section 2202.360, the commission may sue and
19 be sued.

20 (b) Service of process in a suit against the commission may
21 be secured by serving the executive director.

22 (c) A suit against the commission must be brought in Travis
23 County.

24 Sec. 2201.067. AUDIT. The transactions of the commission
25 are subject to audit by the state auditor under Chapter 321,
26 Government Code.

27 SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION

1 Sec. 2201.101. GENERAL POWERS AND DUTIES. (a) The
2 commission has broad authority and shall exercise strict control
3 and close supervision over all activities authorized and conducted
4 in this state under a law administered by the commission.

5 (b) The commission shall ensure that all gambling games,
6 other casino gaming activities, and other gambling subject to the
7 oversight or regulatory authority of the commission are conducted
8 fairly and in compliance with the law.

9 (c) The commission also has the powers and duties granted
10 under Chapters 2202 and 2203.

11 (d) All aspects of this subtitle and other laws administered
12 by the commission, including those relating to licensing,
13 qualification, execution, and enforcement, shall be administered
14 by the executive director and the commission for the protection of
15 the public and in the public interest.

16 (e) The commission and the executive director have full
17 power and authority to hold hearings and, in connection with the
18 hearings, to issue subpoenas, to compel the attendance of witnesses
19 at any place in this state, to administer oaths, and to require
20 testimony under oath. Any process or notice relating to a hearing
21 may be served in the manner provided for service of process and
22 notices in civil actions. The commission and the executive
23 director may pay transportation and other expenses of witnesses as
24 they consider reasonable.

25 (f) The executive director and the executive director's
26 authorized employees may:

27 (1) inspect and examine a premises where casino gaming

1 or other gambling regulated by the commission is conducted or
2 equipment or supplies, including an electronic or other gaming
3 device, or associated equipment is manufactured, assembled,
4 produced, programmed, sold, leased, marketed, distributed,
5 repaired, or modified for use in gaming;

6 (2) for good cause, seize and remove from a premises
7 and impound equipment or supplies for the purpose of examination
8 and inspection; and

9 (3) demand access to, inspect, examine, photocopy, or
10 audit papers, books, and records of applicants and license and
11 certificate holders, on their premises or elsewhere as practicable,
12 in the presence of the applicant or license holder or the
13 applicant's or license holder's agent, that report the gross income
14 produced by a gaming-related business, verify the gross income, or
15 affect other matters on the enforcement of this subtitle or other
16 law administered by the commission.

17 (g) For the purpose of conducting audits after the cessation
18 of casino gaming by a license holder, a former license holder shall
19 furnish, on demand of the executive director or the executive
20 director's authorized employees, books, papers, and records as
21 necessary to conduct the audits. The former license holder shall
22 maintain all books, papers, and records necessary for audits for
23 three years after the date of the surrender or revocation of the
24 license and is responsible for the costs incurred by the commission
25 in the conduct of an audit under this section. If the former license
26 holder seeks judicial review of a deficiency determination or files
27 a petition for a redetermination, the former license holder must

1 maintain all books, papers, and records until a final order is
2 entered on the determination.

3 (h) The commission shall contract with at least one
4 independent testing laboratory to scientifically test and
5 technically evaluate gambling games, gaming devices, slot
6 machines, and associated equipment for compliance with this
7 subtitle. The independent testing laboratory must have a national
8 or international reputation of being demonstrably competent and
9 must be qualified to scientifically test and evaluate all
10 components of gambling games, gaming devices, slot machines, and
11 associated equipment for compliance with this subtitle and to
12 perform the functions assigned to it under this subtitle. An
13 independent testing laboratory may not be owned or controlled by a
14 person licensed to conduct gambling games or to manufacture gaming
15 equipment. The use of an independent testing laboratory for
16 purposes related to the conduct of casino gaming under this
17 subtitle must be made from a list of at least two laboratories
18 approved by the commission.

19 Sec. 2201.102. RULEMAKING AUTHORITY. (a) The commission
20 shall adopt rules the commission considers necessary or desirable
21 for the public interest in carrying out the policy and provisions of
22 this subtitle and the other laws administered by the commission.

23 (b) The rules must prescribe:

24 (1) the method and form of application that an
25 applicant for a license under this subtitle must follow and
26 complete before consideration of an application by the commission;

27 (2) the information to be furnished by an applicant or

1 license holder under Chapter 2202 concerning antecedents, habits,
2 character, associates, criminal history record information,
3 business activities, and financial affairs;

4 (3) the criteria to be used in the award, revocation,
5 and suspension of licenses under Chapter 2202;

6 (4) the information to be furnished by a license
7 holder under Chapter 2202 relating to the holder's employees;

8 (5) the manner and procedure of hearings conducted by
9 the commission or a hearing examiner of the commission;

10 (6) the payment of fees or costs an applicant or
11 license holder under Chapter 2202 must pay;

12 (7) the procedures for the issuance of temporary
13 licenses and temporary qualification to hold equity interests in a
14 casino owner license holder under Chapter 2202;

15 (8) the manner and method of collection and payment of
16 fees and the issuance of licenses;

17 (9) the definition of "unsuitable method of
18 operation";

19 (10) the conditions under which the nonpayment of a
20 gambling debt by a license holder constitutes grounds for
21 disciplinary action;

22 (11) the manner of approval of gambling games, slot
23 machines, and gaming devices;

24 (12) access to confidential information obtained
25 under this chapter, Chapter 2202, Chapter 2203, or other law and the
26 means to ensure that the confidentiality of the information is
27 maintained and protected;

1 (13) financial reporting and internal control
2 requirements for license holders;

3 (14) the manner in which money awarded to players of
4 gambling games, compensation from gambling games and slot machines,
5 and gross gaming revenue must be computed and reported under
6 Chapter 2202;

7 (15) requirements for the annual audit of the
8 financial statements of a license holder;

9 (16) requirements for periodic financial reports from
10 each license holder consistent with standards and intervals
11 prescribed by the commission;

12 (17) the procedures to be followed by a license holder
13 for excluding a person from a casino; and

14 (18) the procedures for exempting or waiving
15 institutional investors from the licensing requirements for
16 shareholders of publicly traded corporations.

17 Sec. 2201.103. AUTHORITY OF EXECUTIVE DIRECTOR. (a) With
18 commission approval, the executive director may create executive
19 positions as the director considers necessary to implement this
20 chapter, Chapter 2202, Chapter 2203, and any other law administered
21 by the commission.

22 (b) The executive director shall employ directors in the
23 areas of audit, investigation, and enforcement. The audit director
24 must be a certified public accountant, have five or more years of
25 progressively responsible experience in general accounting, and
26 have a comprehensive knowledge of the principles and practices of
27 corporate finance or must possess qualifications of an expert in

1 the field of corporate finance and auditing, general finance,
2 gaming, and economics. Other directors must possess five or more
3 years of training and experience in the fields of investigation,
4 law enforcement, law, or gaming.

5 (c) The executive director may investigate, for the purpose
6 of prosecution, a suspected criminal violation of this subtitle or
7 other laws related to casino gaming or gambling regulated by the
8 commission. For the purpose of the administration and enforcement
9 of this subtitle or another related law, the executive director and
10 employees designated as enforcement officers by the executive
11 director may be commissioned as peace officers.

12 (d) The executive director, to further the objectives and
13 purposes of this subtitle or other laws related to casino gaming or
14 gambling regulated by the commission, may:

15 (1) direct and supervise all administrative actions of
16 the commission;

17 (2) bring legal action in the name and on behalf of the
18 commission;

19 (3) make, execute, and effect an agreement or contract
20 authorized by the commission;

21 (4) employ the services of persons considered
22 necessary for consultation or investigation and set the salaries of
23 or contract for the services of legal, professional, technical, and
24 operational personnel and consultants, except that outside legal
25 assistance may be retained only with the approval of the attorney
26 general;

27 (5) acquire furnishings, equipment, supplies,

1 stationery, books, and all other things the executive director
2 considers necessary or desirable in carrying out the executive
3 director's functions; and

4 (6) perform other duties the executive director may
5 consider necessary to effect the purposes of this subtitle or other
6 laws related to casino gaming or gambling regulated by the
7 commission.

8 (e) Except as otherwise provided in this subtitle, the costs
9 of administration incurred by the executive director shall be paid
10 in the same manner as other claims against the state are paid.

11 Sec. 2201.104. OFFICE OF HEARING EXAMINERS. (a) The
12 commission shall create an office of hearing examiners to assist
13 the commission in carrying out its powers and duties.

14 (b) The office of hearing examiners shall:

15 (1) hold hearings under the authority of the
16 commission on matters relating to the commission's administration
17 of this subtitle and other laws related to casino gaming or gambling
18 regulated by the commission as the commission orders; and

19 (2) report after a hearing in the manner prescribed by
20 the commission.

21 (c) The commission shall refer any contested case arising
22 under this subtitle or other laws related to casino gaming or
23 gambling regulated by the commission to the office of hearing
24 examiners.

25 (d) The office of hearing examiners is independent of the
26 executive director and is under the exclusive control of the
27 commission.

1 (e) The office of hearing examiners is under the direction
2 of a chief hearing examiner appointed by the commission.

3 (f) The commission may authorize the chief hearing examiner
4 to delegate to one or more hearing examiners the authority to hold
5 any hearing called by the chief hearing examiner.

6 (g) The chief hearing examiner and each assistant hearing
7 examiner employed by the office of hearing examiners must be an
8 attorney licensed to practice law in this state.

9 (h) The chief hearing examiner and each assistant hearing
10 examiner may administer oaths, receive evidence, and issue
11 subpoenas to compel the attendance of witnesses and the production
12 of papers and documents in all matters delegated to the office of
13 hearing examiners by the commission.

14 (i) The chief hearing examiner and each assistant hearing
15 examiner is entitled to an annual salary and other compensation
16 specified by the commission.

17 (j) The office of hearing examiners may contract for
18 additional services it considers necessary to carry out its powers.

19 Sec. 2201.105. JUDICIAL REVIEW IN CONTESTED CASES. A final
20 ruling of the commission in a contested case is subject to judicial
21 review under Chapter 2001, Government Code. Judicial review is
22 under the substantial evidence rule, as provided by that chapter.

23 Sec. 2201.106. RECORDS; CONFIDENTIAL INFORMATION. (a) The
24 executive director shall maintain a file of all applications for
25 licenses under this subtitle, together with a record of all action
26 taken with respect to the applications.

27 (b) The commission and the executive director may maintain

1 other records they consider desirable.

2 (c) The information made confidential by this subsection
3 may be disclosed, wholly or partly, only:

4 (1) in the course of the necessary administration of
5 this subtitle or in the enforcement of other laws related to casino
6 gaming or other gambling regulated by the commission;

7 (2) under Section 2202.352;

8 (3) on the order of a court; or

9 (4) as authorized under commission rule, to an
10 authorized agent of any agency of the United States, another state,
11 or a political subdivision of this state.

12 (d) Notice of the content of any information furnished or
13 released under Subsection (c) may be given to any affected
14 applicant or license holder as prescribed by commission rule.

15 (e) The following information is confidential and may not be
16 disclosed:

17 (1) information requested by the commission or the
18 executive director under this subtitle or another applicable law
19 that may otherwise be obtained relating to the finances, earnings,
20 or revenue of an applicant or license holder;

21 (2) information pertaining to an applicant's criminal
22 history record information, antecedents, and background that has
23 been furnished to or obtained by the commission or the executive
24 director from any source;

25 (3) information provided to the commission or the
26 executive director or a commission employee by a governmental
27 agency or an informer or on the assurance that the information will

1 be held in confidence and treated as confidential;

2 (4) information obtained by the executive director or
3 the commission from a license holder, including a casino service
4 license holder, relating to the manufacturing, modification, or
5 repair of gaming devices;

6 (5) security plans and procedures of the commission
7 designed to ensure the integrity and security of the regulation and
8 operation of casino gaming or other gambling regulated by the
9 commission;

10 (6) the street address and telephone number of a prize
11 winner unless the prize winner has consented to the release of the
12 information;

13 (7) information relating to all system operations of
14 gambling games, including security related to gambling games, and
15 commission plans and procedures intended to ensure the integrity
16 and security of the operation of gambling games and other gambling
17 regulated by the commission; and

18 (8) reports and related information filed under
19 Section 2202.011.

20 Sec. 2201.107. REPRESENTATION BY ATTORNEY GENERAL. (a) The
21 attorney general shall represent the commission and the executive
22 director in any proceeding to which the commission or the executive
23 director is a party under this subtitle or another law administered
24 by the commission or in any suit filed against the commission or
25 executive director.

26 (b) The office of the attorney general on request shall
27 advise the commission and the executive director in all other

1 matters, including representing the commission when the commission
2 acts in its official capacity.

3 Sec. 2201.108. RULES RESTRICTING ADVERTISING OR
4 COMPETITIVE BIDDING. (a) The commission may not adopt rules
5 restricting advertising or competitive bidding by a person
6 regulated by the commission except to prohibit false, misleading,
7 or deceptive practices by that person.

8 (b) The commission may not include in its rules to prohibit
9 false, misleading, or deceptive practices by a person regulated by
10 the commission a rule that:

11 (1) restricts the use of any advertising medium;

12 (2) restricts the person's personal appearance or the
13 use of the person's voice in an advertisement;

14 (3) relates to the size or duration of an
15 advertisement by the person; or

16 (4) restricts the use of a trade name in advertising by
17 the person.

18 Sec. 2201.109. RULES ON CONSEQUENCES OF CRIMINAL
19 CONVICTION. (a) The commission shall adopt rules necessary to
20 comply with Chapter 53.

21 (b) In adopting rules under this section, the commission
22 shall list the specific offenses for which a conviction would
23 constitute grounds for the commission to take action under Section
24 53.021.

25 Sec. 2201.110. SUBPOENA. (a) The commission may request
26 and, if necessary, compel by subpoena:

27 (1) the attendance of a witness for examination under

1 oath; and

2 (2) the production for inspection and copying of
3 records and other evidence relevant to the investigation of an
4 alleged violation of this subtitle or other laws related to casino
5 gaming or other gambling regulated by the commission.

6 (b) If a person fails to comply with a subpoena issued under
7 this section, the commission, acting through the attorney general,
8 may file suit to enforce the subpoena in a district court in Travis
9 County or in the county in which a hearing conducted by the
10 commission may be held.

11 (c) The court shall order a person to comply with the
12 subpoena if the court determines that good cause exists for issuing
13 the subpoena.

14 Sec. 2201.111. DIVISION OF RESPONSIBILITIES. The
15 commission shall develop and implement policies that clearly
16 separate the policy-making responsibilities of the commission and
17 the management responsibilities of the executive director and the
18 staff of the commission.

19 Sec. 2201.112. USE OF TECHNOLOGY. The commission shall
20 implement a policy requiring the commission to use appropriate
21 technological solutions to improve the commission's ability to
22 perform its functions. The policy must ensure that the public is
23 able to interact with the commission through the commission's
24 Internet website.

25 Sec. 2201.113. NEGOTIATED RULEMAKING AND ALTERNATIVE
26 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
27 implement a policy to encourage the use of:

1 (1) negotiated rulemaking procedures under Chapter
2 2008, Government Code, for the adoption of commission rules; and

3 (2) appropriate alternative dispute resolution
4 procedures under Chapter 2009, Government Code, to assist in the
5 resolution of internal and external disputes under the commission's
6 jurisdiction.

7 (b) The commission's procedures relating to alternative
8 dispute resolution must conform, to the extent possible, to any
9 model guidelines issued by the State Office of Administrative
10 Hearings for the use of alternative dispute resolution by state
11 agencies.

12 (c) The commission shall designate an appropriately
13 qualified person to:

14 (1) coordinate the implementation of the policy
15 adopted under Subsection (a);

16 (2) serve as a resource for any training needed to
17 implement the procedures for negotiated rulemaking or alternative
18 dispute resolution; and

19 (3) collect data concerning the effectiveness of those
20 procedures, as implemented by the commission.

21 Sec. 2201.114. COMMITTEES. The commission may appoint
22 committees that it considers necessary to carry out its duties.

23 Sec. 2201.115. CONTRACT AUTHORITY. (a) The commission and
24 executive director have broad authority and shall exercise strict
25 control and close supervision over gambling games played in this
26 state to promote and ensure integrity, security, honesty, and
27 fairness in the operation and administration of gaming under this

1 subtitle.

2 (b) The executive director may contract with a third party
3 to perform a function, activity, or service in connection with the
4 operation of casino gaming under this subtitle, other than
5 investigative services, as prescribed by the executive director. A
6 contract relating to the operation of gaming must be consistent
7 with this subtitle.

8 (c) The executive director may award a contract for gaming
9 supplies, equipment, or services, including a contract under
10 Subsection (b), pending the completion of any investigation and
11 license required by this subtitle. A contract awarded under this
12 subsection must include a provision permitting the executive
13 director to terminate the contract without penalty if the
14 investigation reveals that the person to whom the contract is
15 awarded does not satisfy the applicable requirements for a license
16 under this subtitle.

17 (d) In the acquisition or provision of facilities,
18 supplies, equipment, materials, or services related to the
19 implementation of gaming under this subtitle, the commission must
20 comply with procurement procedures prescribed under Subtitle D,
21 Title 10, Government Code.

22 Sec. 2201.116. INVESTIGATIONS AND ENFORCEMENT. (a) A
23 violation or alleged violation of this subtitle or of the penal laws
24 of this state by the commission, its employees, or a person
25 regulated under this subtitle may be investigated by the attorney
26 general, the district attorney for Travis County, or a district
27 attorney, criminal district attorney, or county attorney for the

1 county in which violation or alleged violation occurred.

2 (b) The commission may investigate violations of this
3 subtitle, rules adopted under this subtitle, or other laws related
4 to casino gaming or other gambling regulated by the commission and
5 may file a complaint requesting that an investigation be conducted
6 in accordance with Subsection (a).

7 Sec. 2201.117. SECURITY. (a) The executive director shall
8 maintain a department of security in the commission. The executive
9 director shall appoint a deputy to administer the department. The
10 deputy must be qualified by training and experience in law
11 enforcement or security to supervise, direct, and administer the
12 activities of the department.

13 (b) The executive director may employ security officers or
14 investigators as the executive director considers necessary and may
15 commission investigators or security officers as peace officers.
16 The deputy and all investigators employed by the department of
17 security and commissioned as peace officers must meet the
18 requirements under Chapter 1701 for employment and commission as
19 peace officers.

20 (c) A security officer or investigator employed by the
21 department of security and commissioned as a peace officer, or a
22 peace officer who is working in conjunction with the commission or
23 the Department of Public Safety in the enforcement of this subtitle
24 may:

25 (1) without a search warrant, search and seize a
26 gaming device or other gaming equipment that is located on premises
27 for which a person holds a license issued under this subtitle; or

1 (2) seize a gaming device or other gaming equipment
2 that is being used or is in the possession of any person in
3 violation of this subtitle or other laws related to casino gaming or
4 other gambling regulated by the commission.

5 (d) The Department of Public Safety or any other state or
6 local law enforcement agency, at the commission's request and in
7 accordance with an interagency agreement, shall perform a full
8 criminal history record information and background investigation
9 of a prospective deputy or investigator of the department of
10 security of the commission. The commission shall reimburse the
11 agency for the actual costs of an investigation.

12 (e) At least once every two years, the executive director
13 shall employ an independent firm that is experienced in security,
14 including computer security and systems security, to conduct a
15 comprehensive study of all aspects of gaming security.

16 Sec. 2201.118. DEMOGRAPHIC STUDIES. (a) The executive
17 director shall, every two years, employ an independent firm
18 experienced in demographic analysis to conduct a demographic study
19 of players of gambling games. The study must include the income,
20 age, sex, race, education, and frequency of participation of
21 players of the games.

22 (b) The executive director shall report the results of the
23 demographic study to the commission, the governor, and the
24 legislature not later than January 1 of each odd-numbered year.

25 Sec. 2201.119. PROHIBITED GAMBLING GAMES. (a) Except as
26 provided by this subtitle or other law, the executive director or
27 any other person may not establish or operate a gambling game in

1 which the winner is chosen on the basis of the outcome of a sports
2 event.

3 (b) Except as provided by Chapter 2001 or this subtitle, the
4 operation of any game using a slot machine or other gambling device
5 is prohibited.

6 Sec. 2201.120. DEPARTMENT OF PUBLIC SAFETY RECORDS. (a)
7 Except as otherwise provided by this subtitle, all files, records,
8 information, compilations, documents, photographs, reports,
9 summaries, and reviews of information and related matters
10 collected, retained, or compiled by the Department of Public Safety
11 in the discharge of its duties under this subtitle are confidential
12 and are not subject to public disclosure. Each of those items is
13 subject to discovery by a person who is the subject of the item.

14 (b) An investigation report or other document submitted by
15 the Department of Public Safety to the commission becomes part of
16 the investigative files of the commission and is subject to
17 discovery by a person who is the subject of the investigation report
18 or other document.

19 (c) Information that is in a form available to the public is
20 not privileged or confidential under this section and is subject to
21 public disclosure.

22 Sec. 2201.121. CRIMINAL BACKGROUND INVESTIGATION FOR
23 CASINO GAMING. (a) The commission is entitled to conduct an
24 investigation of and is entitled to obtain criminal history record
25 information maintained by the Department of Public Safety, the
26 Federal Bureau of Investigation Identification Division, or
27 another law enforcement agency to assist in the criminal background

1 investigation of any person directly involved with casino gaming
2 regulated under this subtitle.

3 (b) Except as otherwise provided by this subtitle, a
4 criminal background investigation is governed by commission rules
5 adopted under this chapter.

6 (c) The Department of Public Safety or a state or local law
7 enforcement agency in this state, in accordance with an interagency
8 agreement with the commission, shall provide any assistance
9 requested by the commission in the administration and enforcement
10 of this subtitle, including conducting criminal background
11 investigations of a person seeking a license required under this
12 subtitle or of any person required to be named in an application for
13 a license under this subtitle.

14 (d) This section does not limit the commission's right to
15 obtain criminal history record information from any other local,
16 state, or federal agency. The commission may enter into a
17 confidentiality agreement with the agency as necessary and proper.

18 (e) Except as otherwise provided by this subtitle or other
19 law, criminal history record information obtained by the commission
20 under this section may be disclosed only:

21 (1) to another law enforcement agency to assist in or
22 further an investigation related to the commission's operation and
23 oversight of gaming; or

24 (2) under a court order.

25 Sec. 2201.122. PLAYER AGREEMENT TO ABIDE BY RULES AND
26 INSTRUCTIONS. By participating as a player in a gambling game, a
27 player agrees to abide by and be bound by the commission's rules and

1 instructions, including the rules or instructions applicable to the
2 particular gambling game involved. The player also agrees that the
3 determination of whether the player is a valid winner is subject to:

4 (1) the commission's rules, instructions, and claims
5 procedures, including those developed for the particular gambling
6 game involved;

7 (2) any validation tests established by the commission
8 for the particular gambling game involved; and

9 (3) the limitations and other provisions prescribed by
10 this subtitle.

11 Sec. 2201.123. VENUE FOR CRIMINAL PROCEEDING. Venue is
12 proper in Travis County or any county in which venue is proper under
13 Chapter 13, Code of Criminal Procedure, for:

14 (1) an offense under this subtitle;

15 (2) an offense under the Penal Code, if the accused:

16 (A) is regulated under this subtitle; and

17 (B) is alleged to have committed the offense
18 while engaged in gaming activities; or

19 (3) an offense under Title 7 or 11, Penal Code, that
20 involves property consisting of or including a gaming device or
21 gambling game prize.

22 SUBCHAPTER D. PUBLIC PARTICIPATION AND COMPLAINT PROCEDURES

23 Sec. 2201.151. PUBLIC INTEREST INFORMATION. (a) The
24 commission shall prepare and disseminate consumer information that
25 describes the regulatory functions of the commission and the
26 procedures by which consumer complaints are filed with and resolved
27 by the commission.

1 (b) The commission shall make the information available to
2 the public and appropriate state agencies.

3 Sec. 2201.152. COMPLAINTS. (a) The commission by rule
4 shall establish methods by which consumers and service recipients
5 are notified of the name, mailing address, and telephone number of
6 the commission for the purpose of directing complaints to the
7 commission. The commission may provide for that notice:

8 (1) on each form, application, or written contract for
9 services of a person regulated under a law administered by the
10 commission;

11 (2) on a sign prominently displayed in the place of
12 business of each person regulated under a law administered by the
13 commission; or

14 (3) in a bill for service provided by a person
15 regulated under this subtitle.

16 (b) The commission shall list with its regular telephone
17 number any toll-free telephone number established under other state
18 law that may be called to present a complaint about a person
19 regulated under this subtitle.

20 Sec. 2201.153. RECORDS OF COMPLAINTS. (a) The commission
21 shall maintain a system to promptly and efficiently act on
22 complaints filed with the commission. The commission shall
23 maintain:

24 (1) information about the parties to the complaint and
25 the subject matter of the complaint;

26 (2) a summary of the results of the review or
27 investigation of the complaint; and

1 (3) information about the disposition of the
2 complaint.

3 (b) The commission shall make information available
4 describing its procedures for complaint investigation and
5 resolution.

6 (c) The commission shall periodically notify the parties of
7 the status of the complaint until final disposition of the
8 complaint.

9 Sec. 2201.154. GENERAL RULES REGARDING COMPLAINT
10 INVESTIGATION AND DISPOSITION. The commission shall adopt rules
11 concerning the investigation of a complaint filed with the
12 commission. The rules must:

13 (1) distinguish between categories of complaints;

14 (2) ensure that complaints are not dismissed without
15 appropriate consideration;

16 (3) require that the commission be advised of a
17 complaint that is dismissed and that a letter be sent to the person
18 who filed the complaint explaining the action taken on the
19 dismissed complaint;

20 (4) ensure that the person who files a complaint has an
21 opportunity to explain the allegations made in the complaint; and

22 (5) prescribe guidelines concerning the categories of
23 complaints that require the use of a private investigator and the
24 procedures for the commission to obtain the services of a private
25 investigator.

26 Sec. 2201.155. DISPOSITION OF COMPLAINT. (a) The
27 commission shall:

1 (1) dispose of each complaint in a timely manner; and
2 (2) establish a schedule for conducting each phase of
3 a complaint that is under the control of the commission not later
4 than the 30th day after the date the commission receives the
5 complaint.

6 (b) Each party shall be notified of the projected time
7 requirements for pursuing the complaint. The commission shall
8 notify each party to the complaint of any change in the schedule
9 established under Subsection (a)(2) not later than the seventh day
10 after the date the change is made.

11 (c) The executive director shall notify the commission of a
12 complaint that is not resolved within the time prescribed by the
13 commission for resolving the complaint.

14 Sec. 2201.156. PUBLIC PARTICIPATION. (a) The commission
15 shall develop and implement policies that provide the public with a
16 reasonable opportunity to appear before the commission and to speak
17 on any issue under the commission's jurisdiction.

18 (b) The commission shall prepare and maintain a written plan
19 that describes how a person who does not speak English may be
20 provided reasonable access to the commission's programs.

21 Sec. 2201.157. INFORMAL SETTLEMENT CONFERENCE. The
22 commission by rule shall establish procedures for an informal
23 settlement conference related to a complaint filed with the
24 commission.

25 CHAPTER 2202. CASINO GAMING

26 SUBCHAPTER A. GENERAL PROVISIONS

27 Sec. 2202.001. PUBLIC POLICY. (a) All casino gaming that

1 is conducted in this state and that is authorized by law shall be
2 regulated and licensed under this chapter, unless federal law or
3 another state law specifically provides otherwise.

4 (b) The legislature hereby finds, and declares it to be the
5 public policy of this state, that:

6 (1) the development of regulated casino gaming at a
7 limited number of locations in the state will benefit the general
8 welfare of the people of this state by enhancing investment,
9 economic development, and tourism in this state, resulting in
10 thousands of new jobs and significant new revenue to the state for
11 essential services;

12 (2) the conduct of regulated casino gaming in a
13 limited number of destination resorts and smaller casinos will not
14 harm the people of this state;

15 (3) the regulation of gaming in this state is
16 important to ensure that gaming is:

17 (A) conducted honestly and competitively; and

18 (B) free from criminal and corruptive elements;

19 (4) public confidence and trust can be maintained only
20 by strict regulation of all persons, locations, practices,
21 associations, and activities related to the conduct of casino
22 gaming and the casino service industry;

23 (5) persons owning any direct or indirect material
24 interest in a casino should be licensed and controlled to protect
25 the public health, safety, morals, good order, and general welfare
26 of the people of this state;

27 (6) certain operators and employees of casinos should

1 be regulated, licensed, and controlled to accomplish and promote
2 these public policies while protecting the public health, safety,
3 morals, good order, and general welfare of the people of this state;

4 (7) certain persons engaging in the casino service
5 industry should be regulated, licensed, and controlled to
6 accomplish and promote these public policies while protecting the
7 public health, safety, morals, good order, and general welfare of
8 the people of this state; and

9 (8) it is the intent of the legislature, where
10 possible, to use the resources, goods, labor, and services of the
11 people of this state in the operation and construction of
12 destination resorts, casinos, and related amenities to the extent
13 allowable by law.

14 Sec. 2202.002. EXEMPTION FROM FEDERAL STATUTE. (a) This
15 chapter provides an exemption to the application of 15 U.S.C.
16 Section 1172, in accordance with that section.

17 (b) All shipments of gaming devices into this state,
18 including slot machines, conducted in compliance with the
19 applicable provisions of 15 U.S.C. Sections 1173 and 1174 are legal
20 shipments of the devices into this state.

21 Sec. 2202.003. CONSTRUCTION; APPLICABILITY OF OTHER LAWS.

22 (a) Nothing in this chapter may be construed to implicitly repeal
23 or modify existing state laws with respect to gambling, except that
24 casino gaming is not prohibited by another law if conducted as
25 authorized under this chapter.

26 (b) To the extent of any conflict between Chapter 2003,
27 Government Code, and this chapter or a commission rule governing

1 gaming devices, this chapter or the commission rule prevails in all
2 matters related to gaming devices, including hearings before the
3 State Office of Administrative Hearings.

4 (c) This chapter prevails to the extent of any conflict
5 between this chapter and a provision of Subtitle A-1, Title 13
6 (Texas Racing Act).

7 Sec. 2202.004. AUTHORITY TO IMPLEMENT GAMING. (a) The
8 commission may implement casino gaming in accordance with this
9 subtitle.

10 (b) The commission shall allow the operation of limited
11 casino gaming pursuant to this subtitle at locations on Indian
12 lands in accordance with an effective gaming agreement and in
13 compliance with applicable federal law.

14 Sec. 2202.005. IMMUNITY FOR STATEMENT MADE IN PROCEEDING OR
15 INVESTIGATION. Any written or oral statement made in the course of
16 an official commission proceeding or investigative activities
17 related to an application for commission licensing under this
18 chapter, by any member or agent of the commission or any witness
19 testifying under oath, that is relevant to the purpose of the
20 proceeding is absolutely privileged and does not impose liability
21 for defamation or constitute a ground for recovery in any civil
22 action.

23 Sec. 2202.006. FINDING OF SUITABILITY. To promote the
24 integrity and security of casino gaming under this subtitle, the
25 commission in its discretion may require a finding of suitability
26 for any person conducting business with or in relation to the
27 operation of casino gaming who is not otherwise required to obtain a

1 license from the commission for the person's gaming-related
2 operations.

3 Sec. 2202.007. CONSENT TO COMMISSION DETERMINATION. (a)
4 An application for a license under this chapter constitutes a
5 request to the commission for a decision on the applicant's general
6 suitability, character, integrity, and ability to participate or
7 engage in or be associated with casino gaming under this chapter in
8 the manner or position sought.

9 (b) By filing an application with the commission, the
10 applicant specifically consents to the commission's determination
11 if the application, after filing, becomes moot for any reason other
12 than death.

13 Sec. 2202.008. ABSOLUTE AUTHORITY OF COMMISSION. To
14 protect the integrity of casino gaming under this subtitle or the
15 public health, welfare, or safety, or to prevent financial loss to
16 this state, the commission has full and absolute power and
17 authority to:

18 (1) deny any application or limit, condition,
19 restrict, revoke, or suspend any license; and

20 (2) fine any license holder for any cause considered
21 reasonable by the commission.

22 Sec. 2202.009. LICENSING AS REVOCABLE PERSONAL PRIVILEGES.

23 (a) An applicant for a license under this chapter does not have any
24 right to the license sought.

25 (b) Any license issued under this chapter is a revocable
26 privilege, and a holder of the privilege does not acquire any vested
27 right in or under the privilege.

1 (c) The courts of this state do not have jurisdiction to
2 review a decision to deny, limit, or condition the license unless
3 the judicial review is sought on the ground that the denial,
4 limitation, or condition is based on a suspect classification, such
5 as race, color, religion, sex, or national origin, in violation of
6 the Equal Protection Clause of the Fourteenth Amendment to the
7 United States Constitution. The state court must affirm the
8 commission's action unless the violation is proven by clear and
9 convincing evidence. If a state court has jurisdiction over a claim
10 under this section, then this state's sovereign immunity is waived
11 only to the extent expressly provided by Section 2202.360.

12 (d) A license issued or renewed under this chapter may not
13 be transferred or assigned to another person unless approved in
14 advance by the commission, and a license may not be pledged as
15 collateral. The purchaser or successor of a license holder must
16 independently qualify for a license required by this chapter.

17 (e) The following acts void the license unless approved in
18 advance by the commission:

19 (1) the transfer, sale, or other disposition of an
20 interest in the holder that results in a change in the identity of
21 an equity interest holder; or

22 (2) the sale of the assets of the holder, other than
23 assets bought and sold in the ordinary course of business, or any
24 interest in the assets, to any person not already determined to have
25 met the applicable qualifications of this chapter.

26 Sec. 2202.010. PRIZE RULES, PAYMENT, AND REDEMPTION. (a)
27 The payment of prizes is the sole and exclusive responsibility of

1 the casino owner or casino operator license holder. A prize may not
2 be paid by the commission or this state except as otherwise
3 authorized.

4 (b) Nothing in this chapter limits the ability of a casino
5 owner or casino operator license holder to provide promotional
6 prizes, including wide area progressive networks, in addition to
7 prize payouts regulated by the commission.

8 (c) The commission shall enact rules consistent with this
9 section governing the use and redemption of prizes and credits
10 recorded on player account records, such as players' club cards and
11 smart cards.

12 Sec. 2202.011. REPORT ON LITIGATION. (a) A casino owner or
13 casino operator license holder shall report to the commission any
14 litigation relating to casino operations, including a criminal
15 proceeding, a proceeding involving an issue related to pari-mutuel
16 activities that impact casino gaming operations, or a matter
17 related to character or reputation relevant to a person's
18 suitability under this chapter.

19 (b) The report required under Subsection (a) must be filed
20 not later than the 30th day after the date the owner or operator
21 acquires knowledge of the litigation.

22 Sec. 2202.012. COMMISSION APPROVAL REQUIRED FOR PROCEDURES
23 AND ADMINISTRATIVE AND ACCOUNTING CONTROLS. (a) The commission's
24 approval is required for all internal procedures and administrative
25 and accounting controls of a casino owner or casino operator
26 license holder.

27 (b) The commission by rule shall establish general

1 accounting and auditing requirements and internal control
2 standards for the conduct of casino gaming at casinos.

3 Sec. 2202.013. EMPLOYEE REPORTING. (a) In this section,
4 "employee" includes any person connected directly with or
5 compensated by an applicant or license holder as an agent, personal
6 representative, consultant, or independent contractor.

7 (b) On or before the 15th day of each month, a casino owner
8 or casino operator license holder shall submit to the commission an
9 employee report for the casino operated by the owner or operator.
10 For each gaming employee, the report must provide the employee's
11 name, job title, date of birth, and social security number.

12 (c) The employee report is confidential and may not be
13 disclosed except under commission order or in accordance with this
14 subtitle.

15 (d) The commission may conduct criminal history background
16 investigations of casino employees.

17 (e) The commission may prohibit an employee from performing
18 any act relating to gaming if the commission finds that an employee
19 has:

20 (1) committed, attempted, or conspired to commit any
21 act prohibited by this chapter;

22 (2) concealed or refused to disclose any material fact
23 in any commission investigation;

24 (3) committed, attempted, or conspired to commit an
25 offense involving or related to larceny or embezzlement;

26 (4) been convicted in any jurisdiction of an offense
27 involving or relating to gambling;

1 (5) accepted employment in a position for which
2 commission approval is required after commission approval was
3 denied for a reason involving personal unsuitability or after
4 failing to apply for approval on commission request;

5 (6) been prohibited under color of governmental
6 authority from being present on the premises of any casino or any
7 establishment where casino gaming or pari-mutuel wagering is
8 conducted for any reason relating to improper gambling activity or
9 other illegal acts;

10 (7) wilfully defied any legislative investigative
11 committee or other officially constituted body acting on behalf of
12 the United States or any state, county, or municipality that sought
13 to investigate alleged or potential crimes relating to gambling,
14 corruption of public officials, or any organized criminal
15 activities; or

16 (8) been convicted of any felony or any crime
17 involving moral turpitude.

18 (f) The commission may prohibit an employee from performing
19 any act relating to casino gaming based on a revocation or
20 suspension of any casino gaming or pari-mutuel wagering license or
21 for any other reason the commission finds appropriate, including a
22 refusal by a regulatory authority to issue a license for the
23 employee to engage in or be involved with casino gaming or with
24 other regulated gaming or pari-mutuel wagering in any jurisdiction.

25 Sec. 2202.014. REPORT OF VIOLATIONS. A person who holds a
26 license under this chapter shall immediately report a violation or
27 suspected violation of this chapter or a rule adopted under this

1 chapter by any license holder, by an employee of a license holder,
2 or by any person on the premises of a casino, whether or not
3 associated with the license holder.

4 Sec. 2202.015. INDEMNIFICATION, INSURANCE, AND BONDING
5 REQUIREMENTS. (a) A license holder shall indemnify and hold
6 harmless this state, the commission, and all officers and employees
7 of this state and the commission from any and all claims which may
8 be asserted against a license holder, the commission, this state,
9 and the members, officers, employees, and authorized agents of this
10 state or the commission arising from the license holder's
11 participation in casino gaming authorized under this subtitle.

12 (b) Surety and insurance required under this chapter may
13 only be issued by companies or financial institutions financially
14 rated "A-" or better as rated by AM Best Company or another rating
15 organization designated by the commission and duly licensed,
16 admitted, and authorized to conduct business in this state, or by
17 other surety approved by the commission.

18 (c) The commission shall be named as the obligee in each
19 required surety and as an additional insured in each required
20 insurance contract.

21 (d) A Class I casino owner or casino operator license holder
22 may not be self-insured with regard to gaming operations under this
23 section in excess of \$50,000,000 per occurrence.

24 (e) A Class II or Class III casino owner or operator license
25 holder may not be self-insured with regard to gaming operations
26 under this section.

27 (f) The commission by rule shall establish minimum

1 insurance coverage requirements for license holders under this
2 chapter, including:

3 (1) insurance for performance;

4 (2) crime or fidelity insurance against losses caused
5 by fraudulent or dishonest acts by an officer or employee of the
6 license holder;

7 (3) commercial general liability insurance;

8 (4) property insurance;

9 (5) business auto liability insurance; and

10 (6) crime insurance for the location.

11 Sec. 2202.016. LIABILITY FOR CREDIT AWARDED OR DENIED;
12 PLAYER DISPUTE. This state and the commission are not liable for
13 any gaming device malfunction or error occurring at a casino that
14 causes credit to be wrongfully awarded or denied to players.

15 SUBCHAPTER B. CASINO OWNER'S LICENSE

16 Sec. 2202.051. CASINO OWNER'S LICENSE. (a) Casino gaming
17 may be lawfully conducted in a casino operating under a casino
18 owner's license.

19 (b) A person may not own an equity interest in a casino at
20 which casino gaming is conducted in this state unless the casino is
21 operating under a casino owner's license issued for the conduct of
22 casino gaming at that casino.

23 (c) A separate casino owner's license must be obtained for
24 each casino conducting casino gaming.

25 Sec. 2202.052. ALLOCATION AND ISSUANCE OF CASINO OWNER'S
26 LICENSES; TEMPORARY LICENSE. (a) The commission shall award
27 casino owner's licenses to applicants for destination resorts and

1 casinos as authorized by Section 47a(e), Article III, Texas
2 Constitution.

3 (b) The commission shall:

4 (1) issue not more than four Class I casino owner's
5 licenses to conduct casino gaming at destination resorts located in
6 metropolitan statistical areas of this state with a population
7 estimated at two million or more on July 1, 2019, provided that only
8 one Class I licensed destination resort is located within one
9 metropolitan statistical area;

10 (2) issue not more than three Class II casino owner's
11 licenses to conduct limited casino gaming at an existing location
12 to applicants who, on January 1, 2021, held and who continue to hold
13 an active license to conduct pari-mutuel wagering on horse races at
14 a racetrack located within a metropolitan statistical area with an
15 estimated population of two million or more on July 1, 2019, and who
16 comply with the requirements of this subtitle and commission rule;
17 and

18 (3) issue not more than two Class III casino owner's
19 licenses to conduct limited casino gaming to applicants who, on
20 January 1, 2021, held and who continue to hold an active license to
21 conduct pari-mutuel wagering on greyhound races at a racetrack
22 located within a metropolitan statistical area with an estimated
23 population of less than two million on July 1, 2019, and who comply
24 with the requirements of this subtitle and commission rule.

25 (c) The commission by rule shall ensure license applicants
26 who are issued a Class II casino owner's license under Subsection
27 (b)(2) continue to maintain significant live horse racing at the

1 applicant's racetrack and maintain the applicant's primary purpose
2 as a horse racetrack and that limited casino gaming is used as a
3 complementary amenity to promote and support horse racing in this
4 state.

5 (d) The commission shall allow license applicants who are
6 issued a Class III casino owner's license under Subsection (b)(3)
7 to offer limited casino gaming at any location within the same
8 metropolitan statistical area as the holder's licensed greyhound
9 racetrack.

10 (e) The commission shall establish additional restrictions
11 on Class II and Class III casino owner license holders, including
12 limits on total square footage, casino gaming square footage, and
13 overnight accommodations for the purposes of adequately
14 distinguishing between types of gaming activities the license
15 holder is authorized to conduct, as provided by Subsection (b), and
16 to limit the scope of casino gaming in certain metropolitan
17 statistical areas in this state.

18 (f) To ensure that a requisite level of economic development
19 benefiting the people of this state accompanies each destination
20 resort issued a Class I casino owner's license, the commission
21 shall require an applicant, as a condition to receiving and holding
22 the license, to commit to building a destination resort project
23 with total land and development investments of at least:

24 (1) \$2 billion for a destination resort located in a
25 metropolitan statistical area with a population of five million or
26 more; or

27 (2) \$1 billion for a destination resort located in a

1 metropolitan statistical area with a population of two million or
2 more but less than five million.

3 (g) In meeting the requirements of Subsection (f), total
4 land and development investments proposed as part of an application
5 to conduct casino gaming at a destination resort may not include
6 public money or facilities developed or built with public
7 assistance or tax incentives of any kind.

8 (h) Land and development investments included as part of a
9 destination resort in an application for a Class I casino owner's
10 license that have been made within five years before the
11 application is filed may be included in the calculation of new total
12 land and development investments required under Subsection (f).

13 (i) The commission shall issue a Class II or Class III
14 casino owner's license to conduct limited casino gaming to
15 applicants based on evidence demonstrating that the issuance of the
16 license to the applicant would have a significant positive economic
17 impact in the area of this state in which the casino would be
18 operated, and on the state as a whole.

19 (j) In addition to the casino owner's licenses issued under
20 this section, the commission may issue a Class II or Class III
21 casino owner's license to a federally recognized Indian tribe that
22 had land in this state held in trust by the United States on January
23 1, 1998. A license issued under this subsection authorizes the
24 tribe to operate not more than one casino on tribal lands held in
25 trust by the United States on January 1, 1998.

26 (k) A casino owner's license issued by the commission under
27 Subsection (j) to an Indian tribe constitutes an agreement between

1 this state and the tribe for purposes of the Indian Gaming
2 Regulatory Act (Pub. L. No. 100-497).

3 (l) Except for simulcast common pool wagering conducted in a
4 casino and except as otherwise authorized by the commission, the
5 casino operations and financial records of a casino owner license
6 holder under Subsection (b) who also holds a pari-mutuel license
7 under Subtitle A-1, Title 13 (Texas Racing Act) shall be kept
8 separate from the racing operations and records of the license
9 holder.

10 (m) An Indian tribe to which Subsection (j) applies may, in
11 lieu of a casino owner's license, operate a casino on Indian land
12 described by Subsection (j) under an agreement with this state. The
13 agreement is governed by this chapter and Chapter 2203.

14 (n) A casino owner's license may not be issued for a
15 location in an area in which casino gaming is prohibited under a
16 gaming agreement between an Indian tribe and this state.

17 (o) For purposes of determining the location of a casino, a
18 casino is considered to be located in the county in which the main
19 public entrance to the casino is located.

20 (p) The commission may issue a temporary license for one
21 year or less to authorize the casino owner license holder to
22 temporarily conduct casino gaming in accordance with commission
23 rules at a location within 20 miles of the site for which the casino
24 license was issued.

25 Sec. 2202.053. APPLICATION. (a) A person seeking a casino
26 owner's license shall submit an application in accordance with
27 commission rules containing information the commission finds

1 necessary to determine:

- 2 (1) the suitability and eligibility of the applicant;
3 (2) the eligibility of the proposed location; and
4 (3) the economic impact of the overall destination
5 resort or casino project.

6 (b) In addition to any other information the commission may
7 require, an application must include the following information
8 concerning the feasibility of the overall destination resort or
9 casino project:

10 (1) proof that casino gaming was approved by the
11 constitutional amendment proposed by the 87th Legislature, Regular
12 Session, 2021, creating the Texas Gaming Commission and authorizing
13 and regulating casino gaming at destination resorts;

14 (2) evidence that the applicant possesses, or has the
15 right to acquire, sufficient real property on which the proposed
16 destination resort or casino will be located that accommodates the
17 applicant's construction and operation of the destination resort or
18 casino project substantially as proposed;

19 (3) evidence that the applicant possesses, or
20 reasonably expects to obtain, all state, county, and municipal
21 permits and approvals necessary for the construction and operation
22 of the proposed destination resort or casino within the time
23 prescribed in this chapter; and

24 (4) evidence that the applicant is prepared to begin
25 construction of its proposed destination resort or casino within 18
26 months of receiving a casino owner's license and to proceed with the
27 construction of the destination resort or casino without

1 unnecessary delay.

2 (c) An applicant may apply for more than one casino owner's
3 license relating to more than one destination resort or casino but
4 must submit a separate application for each destination resort or
5 casino for which a casino owner's license is sought.

6 (d) An application for a casino owner's license must be
7 accompanied by the nonrefundable application fee in the amount
8 provided by Section 2202.202.

9 Sec. 2202.054. MANDATORY REQUIREMENTS. (a) A company is
10 eligible to apply for and hold a casino owner's license only if:

11 (1) the company is incorporated or organized and in
12 good standing in this state or organized under the laws of another
13 state of the United States and qualified to conduct business in this
14 state; and

15 (2) the company complies with all laws of this state.

16 (b) To be eligible to receive a casino owner's license to
17 own a casino, an applicant must submit an application to the
18 commission by the date established by the commission.

19 (c) An application may not be considered filed for purposes
20 of this chapter if the application does not include the information
21 prescribed by Section 2202.053(b) or is not accompanied by the
22 required application fee.

23 Sec. 2202.055. CASINO OWNER'S LICENSE ISSUANCE
24 CONSIDERATIONS. (a) The commission shall determine the initial and
25 continuing suitability of each applicant for or holder of a casino
26 owner's license based on suitability criteria the commission
27 prescribes to ensure that all casino owner license holders are of

1 good character, honesty, integrity, and financial stability, that a
2 casino owner license holder has sufficient business probity,
3 competence, and experience in casino gaming, and that a casino
4 owner license holder meets other applicable qualifications for the
5 issuance of the license.

6 (b) The commission shall give due consideration to the
7 protection of the public health, safety, morals, and general
8 welfare of the people of this state and for the reputation of the
9 state's gaming industry.

10 (c) The burden of proving suitability to receive or hold a
11 casino owner's license is on the applicant or license holder.

12 (d) In considering the initial and continuing suitability
13 of an applicant for or holder of a casino owner's license, the
14 commission may consider the suitability of:

15 (1) each person holding an equity interest in the
16 applicant or license holder;

17 (2) each person holding, or proposed to receive, a
18 casino operator's license, occupational license, or manufacturer's
19 license employed by or conducting business with the applicant or
20 holder; and

21 (3) each affiliate of the applicant or license holder.

22 (e) An applicant for or holder of a casino owner's license
23 may not receive or hold a casino owner's license if the person or an
24 officer or director:

25 (1) has been convicted of a felony in the past 20 years
26 under the laws of this state, any other state, or the United States;

27 (2) has ever knowingly or intentionally submitted an

1 application for a license under this chapter that contained false
2 information;

3 (3) served as a principal manager for an applicant or
4 license holder described by Subdivision (1) or (2);

5 (4) retains or employs another person described by
6 Subdivision (2);

7 (5) is subject to any material equity interest of an
8 applicant or license holder described by Subdivision (1) or (2);

9 (6) holds a manufacturer's license or casino service
10 license;

11 (7) is a commission member; or

12 (8) is a member of the judiciary or an elected official
13 of this state.

14 (f) The commission may adopt rules providing for a person's
15 reciprocal determination of suitability to hold a casino owner's
16 license based on a determination of suitability to own and operate a
17 casino in any other jurisdiction the commission considers
18 reasonable in light of the purpose of this chapter.

19 Sec. 2202.056. ECONOMIC IMPACT ANALYSIS. (a) In
20 determining to whom to grant a Class I casino owner's license, the
21 commission shall consider the following factors:

22 (1) the relevant financial investment to be made by
23 each competing applicant for their destination resort project;

24 (2) whether an applicant will seek state and local tax
25 breaks or incentives for their destination resort project;

26 (3) the relative prospective revenue to be collected
27 by this state from casino gaming and nongaming businesses

1 associated with each applicant's proposed destination resort
2 project;

3 (4) the relative number of residents of this state who
4 would be employed in each applicant's proposed destination resort
5 project and any proposed nongaming businesses and the relative
6 extent of each applicant's good faith plan to recruit, train, and
7 promote a workforce that reflects the diverse populations of this
8 state in all employment classifications;

9 (5) the relative extent to which an applicant's
10 proposed destination resort and any proposed associated hotel and
11 other nongaming businesses could be reasonably expected to
12 encourage interstate tourism to this state;

13 (6) whether entities operating or individuals
14 residing in this state are part of the application approval process
15 or are approved vendors;

16 (7) the relative extent to which the scope, design,
17 location, and construction of each applicant's destination resort
18 and any associated hotel and other nongaming businesses could be
19 reasonably expected to contribute to the local economy; and

20 (8) each applicant's experience in conducting licensed
21 casino gaming operations and the applicant's financial ability to
22 promptly construct and adequately maintain the destination resort
23 for which the license is sought, including the experience of
24 partners of the applicant, of affiliated companies of the applicant
25 or its partners, of key personnel of the applicant or its partners,
26 and of operating companies under contract with the applicant.

27 (b) In determining to whom to grant a Class II or Class III

1 casino owner's license, the commission shall consider the following
2 factors:

3 (1) the relevant financial investment previously made
4 or to be made by each competing applicant;

5 (2) whether each applicant will seek state and local
6 tax breaks or incentives for their casino project;

7 (3) the relative prospective revenue to be collected
8 by this state from casino gaming and non-gaming businesses
9 associated with each applicant's proposed casino project;

10 (4) the total number of residents of this state who
11 would be employed by each applicant's proposed casino project and
12 each applicant's commitment to a workforce that reflects the
13 diverse populations of this state in all employment
14 classifications; and

15 (5) each applicant's experience in conducting licensed
16 casino gaming operations and the applicant's financial ability to
17 promptly construct and adequately maintain the proposed casino
18 project.

19 Sec. 2202.057. REVIEW OF APPLICATION. (a) The commission
20 shall issue an order approving or denying an application for a
21 casino owner's license not later than 180 days after the date the
22 application is filed.

23 (b) The commission may adopt rules for issuing any temporary
24 or interim licenses the commission finds necessary to administer
25 this chapter.

26 Sec. 2202.058. TRANSFERABILITY. A casino owner's license
27 is not transferable and applies only to the specific site

1 identified in the license.

2 Sec. 2202.059. DENIAL, SUSPENSION, AND REVOCATION. (a)

3 The commission may deny an application or revoke a casino owner's
4 license for a reasonable cause.

5 (b) If the commission determines it has reasonable grounds
6 to believe that a casino owner license holder may be unsuitable to
7 continue to hold a casino owner's license, the commission shall
8 conduct an investigation and hearing under Section 2202.351 and
9 may, based on its determination, suspend, limit, or revoke the
10 license. On suspension or revocation of a casino owner's license,
11 the license holder must immediately cease all casino gaming
12 activities.

13 (c) If the holder of a casino owner's license fails to begin
14 construction of a casino within 18 months after the receipt of the
15 casino owner's license, or fails to begin casino gaming operations
16 within three years after the receipt of the license, the license is
17 forfeited, unless the commission, for good cause, has previously
18 granted an appropriate extension of time.

19 (d) The right to receive and hold a casino owner's license
20 is a revocable privilege, and not a right or property under the
21 United States Constitution or the Texas Constitution. An applicant
22 for or holder of a casino owner's license does not have a vested
23 interest or right in a license issued under this chapter.

24 Sec. 2202.060. REGISTRATION OF INTEREST IN APPLICANT OR

25 LICENSE HOLDER. (a) Except as provided by Subsection (b), a person
26 who directly or indirectly owns an equity interest in an applicant
27 for or holder of a casino owner's license shall register and qualify

1 with the commission under commission rules and shall provide
2 information the commission finds necessary to determine the
3 suitability and eligibility of the person to retain the interest.

4 (b) The following persons are not required to register or
5 qualify under this section:

6 (1) a key employee of the casino owner license holder
7 that is required to apply for an occupational license under Section
8 2202.102;

9 (2) an institutional investor that beneficially owns
10 25 percent or less of the total equity of the casino owner license
11 holder;

12 (3) a person that beneficially owns 10 percent or less
13 of the total equity of the casino owner license holder; and

14 (4) any other group or class of persons that the
15 commission by rule exempts from registration or qualification.

16 (c) A casino owner license holder shall provide to the
17 commission the name, address, and interest in the casino owner
18 license holder of each person who is exempt from registration or
19 qualification under Subsection (b).

20 (d) A registration filed under this section must be
21 accompanied by the application fee set out in Section 2202.202.

22 Sec. 2202.061. TRANSFERABILITY OF INTEREST. (a) Except as
23 provided by this subsection, a casino owner license holder may not
24 issue an equity interest to a person without the commission's
25 determination of the qualification of the proposed subscriber or
26 purchaser to hold the interest. A casino owner license holder that
27 is a publicly held company may issue equity interests of five

1 percent or less of its equity interest to any person without the
2 consent of the commission.

3 (b) A person beneficially owning more than five percent of
4 the equity interest of a casino owner license holder may not
5 transfer any portion of the interest in the license holder to any
6 person without the commission's determination of the qualification
7 of the proposed transferee to hold the interest.

8 (c) A subscriber or proposed transferee of an interest by a
9 casino owner license holder shall provide the commission with
10 information the commission considers necessary to determine the
11 qualification of the person. The commission, not later than 60 days
12 after the date of the application, shall determine the
13 qualification of a subscriber or proposed transferee and approve or
14 deny the issuance or transfer.

15 Sec. 2202.062. DETERMINATION OF QUALIFICATION. (a) The
16 commission shall determine the qualification of a person to acquire
17 or continue to hold an equity interest in an applicant for or holder
18 of a casino owner's license based on the qualification requirements
19 the commission adopts for the protection of the public interest to
20 ensure that persons holding securities issued by license holders
21 are of good character, honesty, integrity, and financial stability,
22 and are otherwise qualified to hold the interest.

23 (b) The burden of proving qualification to acquire or hold
24 an equity interest in a license holder is on the person acquiring or
25 holding the interest.

26 (c) A person is unsuitable to acquire or retain an equity
27 interest in an applicant for or holder of a casino owner's license

1 if the person would be unsuitable to receive a casino owner's
2 license under Section 2202.055(e).

3 (d) If the commission has reasonable grounds to believe that
4 a person holding an equity interest in an applicant for or holder of
5 a casino owner's license may be unqualified to retain the person's
6 interest, the commission shall conduct an investigation and hearing
7 under Section 2202.351 and may, based on its determination, issue
8 an unsuitability finding and divestiture order to the holder of the
9 interest and the issuer of the interest. On receipt of a divestiture
10 order, the person holding the interest shall tender the person's
11 entire interest for purchase to the issuer or a third party on terms
12 the commission approves.

13 (e) If the commission issues an unsuitability finding and
14 divestiture order to a holder of an equity interest, the person
15 subject to the order may not:

16 (1) receive, directly or indirectly, a dividend,
17 interest, payment, or distribution of any kind relating to the
18 security that is the subject of the order; or

19 (2) exercise, directly or indirectly, any voting power
20 or other right with respect to the security to which the order
21 relates.

22 (f) A person subject to an order may receive payment for the
23 sale of the person's interest on terms the commission approves.

24 Sec. 2202.063. TERM OF CASINO OWNER'S LICENSE. (a) Each
25 Class I casino owner's license issued under this subchapter expires
26 on the 50th anniversary of the date of issuance and may be renewed
27 for one or more terms of 50 years.

1 (b) Each Class II and Class III casino owner's license
2 issued under this subchapter expires on the 25th anniversary of the
3 date of issuance and may be renewed for one or more terms of 25
4 years.

5 Sec. 2202.064. LOCAL ZONING LAWS. Notwithstanding any
6 other law, destination resorts at which casino gaming is authorized
7 under Section 2202.052(b)(1) shall be subject to any applicable
8 local government zoning and land use regulations in place on
9 January 1, 2021. To the extent destination resorts could be
10 classified under multiple regulations or classifications, local
11 government zoning and land use authorities shall treat and classify
12 destination resorts under the most permissive classification so as
13 to ensure the maximum economic benefit to the state in the shortest
14 possible timeline.

15 SUBCHAPTER C. CASINO OPERATOR'S LICENSE AND OCCUPATIONAL LICENSE

16 Sec. 2202.101. CASINO OPERATOR'S LICENSE. (a) Except as
17 provided by Subsection (b), a person may not provide services as a
18 casino operator unless the person holds a casino operator's
19 license.

20 (b) A casino operator license holder must hold a separate
21 casino operator's license for each casino that the license holder
22 operates unless the license holder is also the owner of the casino
23 and holds a casino owner's license for the premises.

24 Sec. 2202.102. OCCUPATIONAL LICENSE. (a) Except as
25 provided by Subsection (b), a person may not be employed as a gaming
26 employee unless the person holds an occupational license.

27 (b) A casino owner license holder or casino operator license

1 holder is not required to obtain an additional occupational license
2 to provide services as a gaming employee in the casino to which the
3 license relates.

4 (c) A casino owner license holder shall designate not fewer
5 than one occupational license holder as a key employee having
6 responsibility over all gaming activities. Not fewer than one key
7 employee must be available at the casino at all times when gaming is
8 conducted on the owner's premises.

9 (d) A gaming employee designated by the casino owner license
10 holder or determined by the commission to be a key employee shall be
11 issued an occupational license designated as a key employee
12 occupational license. In determining whether an employee is a key
13 employee, the commission is not restricted by the title of the job
14 performed by the employee but may consider the functions and
15 responsibilities of the employee in making decisions.

16 (e) A person employed as a gaming employee must obtain an
17 occupational license designated as a support occupational license.
18 A person required to hold a support occupational license may not be
19 a gaming employee of or assist the casino owner license holder or
20 casino operator license holder until the employee obtains the
21 support occupational license. A person licensed as a key employee
22 is not required to obtain a support occupational license.

23 Sec. 2202.103. APPLICATION. (a) An application for a
24 casino operator's license or an occupational license shall be made
25 in compliance with commission rules and must contain information
26 the commission finds necessary to determine the suitability and
27 eligibility of the applicant to function as a casino operator or to

1 be employed or retained as a gaming employee.

2 (b) An application for a casino operator's license or an
3 occupational license must be accompanied by the required
4 application fee.

5 (c) The commission may issue a temporary casino operator's
6 license and a temporary occupational license.

7 Sec. 2202.104. RESIDENCY. A person is eligible to apply for
8 and hold a casino operator's license or occupational license
9 without regard to the residency of the applicant.

10 Sec. 2202.105. DETERMINATION OF SUITABILITY. (a) The
11 commission shall determine the suitability of an applicant for or
12 holder of a casino operator's license or occupational license based
13 on suitability criteria the commission adopts in order to ensure
14 that a license holder:

15 (1) is of good character, honesty, and integrity;

16 (2) has sufficient business probity, competence, and
17 training or experience in the gaming industry to perform the
18 function contemplated; and

19 (3) is otherwise qualified to be licensed.

20 (b) The burden of proving suitability to receive and hold a
21 casino operator's license or occupational license is on the
22 applicant or license holder.

23 (c) In considering the suitability of a company applying for
24 or holding a casino operator's license or occupational license to
25 receive and continue to hold the license, the commission shall
26 consider the suitability of each principal manager and each holder
27 of an equity interest of the company to individually receive and

1 hold an occupational license based on the suitability standards
2 that apply to the applicants for the license generally.

3 (d) A person may not be found suitable to receive or hold a
4 casino operator's license or occupational license if that person
5 would be found unsuitable to hold a casino owner's license under
6 Section 2202.055(e), except that an applicant for a casino
7 operator's license or occupational license who has been convicted
8 of a felony may be found suitable if the person is found to be
9 adequately rehabilitated under applicable rehabilitation
10 requirements adopted by the commission, and the applicant or
11 license holder is otherwise suitable for licensing.

12 Sec. 2202.106. DENIAL OR REVOCATION OF LICENSE. (a) The
13 commission may deny an application for or revoke a casino
14 operator's license or occupational license for any reasonable
15 cause.

16 (b) If the commission determines that it has reasonable
17 grounds to believe that a license holder may be unsuitable to
18 continue to hold the license, giving due consideration to the
19 protection of the health, safety, morals, and general welfare of
20 this state and to the reputation of the state's gaming industry, the
21 commission shall conduct an investigation and hearing under
22 Sections 2202.351 and 2202.356 and may, based on its determination,
23 suspend, limit, or revoke any license.

24 (c) On the suspension or revocation of a license, the
25 license holder shall cease the provision of all services in any
26 capacity requiring a license under Section 2202.101 or 2202.102.

27 (d) A holder of an occupational license that has been

1 revoked or suspended may not:

2 (1) receive, directly or indirectly, any
3 compensation, consideration, or payment of any kind relating to the
4 conduct of casino gaming in any capacity requiring a license under
5 Section 2202.101 or 2202.102, other than the payment for services
6 rendered before the suspension or revocation; or

7 (2) serve or function in a capacity that would require
8 a license under Section 2202.101 or 2202.102.

9 (e) The receipt and holding of a license is a privilege and
10 is not a right or property under the United States Constitution or
11 the Texas Constitution. An applicant for or holder of a casino
12 operator's license or occupational license does not have a vested
13 interest or right in a license issued under this chapter.

14 SUBCHAPTER D. MANUFACTURER'S AND OTHER SERVICE PROVIDERS' LICENSES

15 Sec. 2202.151. MANUFACTURER'S LICENSE. (a) A person may
16 not engage in any segment of the slot machine manufacturing
17 industry in this state for which a manufacturer's license is
18 required under this section without obtaining a manufacturer's
19 license covering that segment of the industry. This subsection
20 applies only to slot machines manufactured for use in this state.

21 (b) The commission shall adopt rules identifying segments
22 of the manufacturing industry directly involved in the design,
23 manufacture, assembly, production, programming, sale, lease,
24 marketing, distribution, repair, or modification of slot machines
25 or component parts of slot machines that the commission finds
26 appropriate for licensing under this section.

27 (c) A manufacturer's license is personal to the license

1 holder and allows the license holder to conduct business with any
2 destination resort or casino.

3 Sec. 2202.152. CASINO SERVICE LICENSE. (a) A person may
4 not engage in any segment of the casino service industry that
5 requires a license without obtaining a casino service license.

6 (b) The commission shall adopt rules identifying segments
7 of the casino service industry directly involved with providing
8 gaming-related services, equipment, and supplies that the
9 commission finds appropriate for licensing.

10 (c) A person is required to obtain a casino service license
11 if the person:

12 (1) operates, conducts, or maintains a gaming-related
13 business in a casino; or

14 (2) furnishes goods, property, or services to a casino
15 in exchange for:

16 (A) a payment based on a percentage of the
17 earnings, profits, or receipts from the casino; or

18 (B) a payment the commission finds to be grossly
19 disproportionate to the value of the goods, property, or service
20 provided.

21 (d) A utility company, a retail electric provider, a
22 municipality, or another political subdivision is not required to
23 obtain a casino service license under this section.

24 (e) A casino service license is personal to the license
25 holder and allows the license holder to conduct business with any
26 destination resort or casino.

27 (f) The holder of a casino owner's license or casino

1 operator's license is not required to obtain a casino service
2 license to provide services for which a casino service license
3 would otherwise be required, if the license holder provides those
4 services in the course of the license holder's operation or
5 management of the casino to which the casino owner's license or
6 casino operator's license relates.

7 Sec. 2202.153. APPLICATION. (a) A person seeking a
8 manufacturer's license or casino service license shall submit an
9 application in accordance with commission rules.

10 (b) The application must:

11 (1) contain information the commission finds
12 necessary to determine the suitability and eligibility of the
13 applicant; and

14 (2) be accompanied by the required application fee.

15 Sec. 2202.154. DETERMINATION OF SUITABILITY. (a) In
16 considering the suitability of a company applying for or holding a
17 manufacturer's license or casino service license to receive and
18 continue to hold the license, the commission shall consider the
19 suitability of each principal manager and each holder of an equity
20 interest in the company applicant to individually receive and hold
21 a manufacturer's license or casino service license based on the
22 suitability standards that apply to the company applicant. A
23 person may not be found suitable to receive or hold a manufacturer's
24 license or casino service license if that person would be found
25 unsuitable to hold a casino owner's license under Section
26 2202.055(e).

27 (b) If the commission has reasonable grounds to believe that

1 a license holder is unsuitable to hold a manufacturer's license or
2 casino service license, the commission:

3 (1) shall conduct an investigation and hearing under
4 Sections 2202.351 and 2202.356; and

5 (2) may, based on its determination, suspend, limit,
6 or revoke a license.

7 (c) On suspension or revocation of a license, the license
8 holder must cease the performance of manufacturing activity or
9 casino service requiring a license under this chapter. After the
10 revocation or suspension of the license, the affected license
11 holder may not receive, directly or indirectly, compensation,
12 consideration, or payment of any kind relating to manufacturing
13 activity or provision of casino services in any capacity requiring
14 a license under this chapter, other than the payment for goods or
15 services provided before the suspension or revocation.

16 (d) A casino owner license holder or a casino operator
17 license holder who has entered into a lease with a manufacturer's
18 license holder or casino services license holder whose license has
19 been revoked or suspended may continue to make payments on the lease
20 based on the original terms and conditions of the lease without
21 modification or may accelerate the lease and pay it off, at the sole
22 option of the casino owner license holder or casino operator
23 license holder.

24 (e) The burden of proving suitability to receive and hold a
25 manufacturer's license or casino service license is on the license
26 holder.

27 SUBCHAPTER E. LICENSE RENEWAL AND FEES

1 Sec. 2202.201. TERMS; RENEWAL. (a) Except as provided by
2 Section 2202.063, an original or renewal license expires on the
3 first anniversary of the date it is issued.

4 (b) The fee for a casino owner's license, casino operator's
5 license, occupational license, manufacturer's license, or casino
6 service license is in the amount provided by Section 2202.203 and
7 must be paid annually. A license holder may renew an unexpired
8 license by meeting the licensing requirements of the commission and
9 paying the annual fee.

10 Sec. 2202.202. APPLICATION FEES. (a) An application fee
11 received under this section must be:

12 (1) deposited in the Texas casino gaming fund; and

13 (2) used for the operation of the commission.

14 (b) An applicant for a Class I casino owner's license must
15 pay an application fee of \$1,000,000.

16 (c) An applicant for a Class II or Class III casino owner's
17 license must pay an application fee of \$500,000.

18 (d) An applicant for a manufacturer's license must pay an
19 application fee of \$300,000.

20 (e) An applicant for an operator's license must pay an
21 application fee of \$100,000.

22 (f) An applicant for a casino service license must pay an
23 application fee of \$200.

24 (g) A person registering and applying to qualify to hold an
25 equity interest in a license holder must pay an application fee of
26 \$200.

27 (h) An individual applying for an occupational license must

1 pay an application fee of \$100.

2 (i) All application fees must be in the form of a money order
3 or cashier's check and be payable to the Texas Gaming Commission,
4 except that the commission may provide for the payment of the fees
5 by electronic funds transfer or similar method. Application fees
6 are nonrefundable.

7 (j) Application fees shall be applied toward the cost of
8 investigating applicants' suitability for licensing or
9 qualification under this chapter. Any costs of investigation
10 incurred in excess of the application fee shall be paid by the
11 applicant.

12 Sec. 2202.203. LICENSE FEES. (a) A holder of a Class I
13 casino owner's license must pay an initial license fee of
14 \$50,000,000 and an annual license fee of \$1,000,000. The initial
15 license fee for a casino owner's license must be paid not later than
16 the 30th day after the date the license is approved by the
17 commission.

18 (b) A holder of a Class II or Class III casino owner's
19 license must pay an initial license fee of \$10,000,000 and an annual
20 license fee of \$500,000.

21 (c) A holder of a manufacturer's license must pay an annual
22 license fee of \$200,000.

23 (d) A holder of an operator's license must pay an annual
24 license fee of \$100,000.

25 (e) A holder of a casino service license must pay an annual
26 license fee of \$200.

27 (f) A holder of an equity interest in any license holder

1 that is required to qualify with the commission must pay an annual
2 fee of \$200.

3 (g) A holder of an occupational license must pay an annual
4 license fee of \$100.

5 SUBCHAPTER F. TEXAS CASINO GAMING FUND; TAXES ON GROSS GAMING

6 REVENUE

7 Sec. 2202.251. TEXAS CASINO GAMING FUND. (a) The Texas
8 casino gaming fund is a special fund in the state treasury.

9 (b) All application fees, investigation fees, and license
10 fees collected by the commission or on the commission's behalf
11 related to casino gaming shall be deposited to the credit of the
12 Texas casino gaming fund.

13 (c) The Texas casino gaming fund may be used only for the
14 operation of the commission and the administration of this chapter.
15 If the money in the fund exceeds the amount necessary for the
16 operation of the commission and the administration of this chapter,
17 the legislature may transfer any excess amount to the general
18 revenue fund.

19 (d) The operation of the commission and the administration
20 of this chapter shall be supported by fees generated under this
21 chapter and by a portion of the taxes imposed by Section 2202.252.

22 Sec. 2202.252. CASINO GAMING TAX; ALLOCATION OF TAX. (a) A
23 gaming tax is imposed on each holder of a casino owner's license in
24 an amount equal to:

25 (1) 10 percent of the gross gaming revenue of the
26 casino from all gambling games operated under the license except
27 slot machines; and

1 (2) 25 percent of the gross gaming revenue of the
2 casino from slot machines.

3 (b) The tax shall be computed and paid on a monthly basis in
4 accordance with the procedures established by commission rule.

5 (c) Except as provided by Subsections (d), (e), and (f), the
6 revenue from the taxes imposed by this section is allocated to the
7 general revenue fund.

8 (d) Of the revenue from the tax imposed by Subsection (a):

9 (1) one-thirtieth of the revenue is allocated to the
10 municipality in which the casino to which the license relates is
11 located, and one-thirtieth of the revenue is allocated to the
12 county in which the casino to which the license relates is located;
13 or

14 (2) if the casino is located in an unincorporated
15 area, one-fifteenth of the revenue is allocated to the county in
16 which the casino to which the license relates is located.

17 (e) The comptroller shall transfer the appropriate amount
18 allocated under Subsection (d) to the appropriate municipalities
19 and counties not less than monthly in the manner the comptroller
20 considers appropriate.

21 (f) Of the revenue from the tax imposed by Subsection (a):

22 (1) one-half of one percent shall be allocated to the
23 general revenue fund and may be appropriated only to fund a
24 compulsive gambling program established under Subchapter J; and

25 (2) \$500,000 may be appropriated in each state fiscal
26 biennium to the Department of Public Safety to be used to provide
27 grants to prosecuting attorneys for the investigation and

1 prosecution of offenses related to the possession of gambling
2 devices.

3 (g) The taxes imposed by this section are due and payable on
4 or before the 20th day of the month following the month in which the
5 taxes are imposed.

6 (h) If the amount of gaming taxes required to be reported
7 and paid under this section is later determined to be greater or
8 less than the amount actually reported and paid by the license
9 holder, the commission shall:

10 (1) assess and collect the additional gaming taxes
11 determined to be due with interest until paid; or

12 (2) refund any overpayment, with interest, to the
13 license holder.

14 (i) Interest required to be refunded under Subsection
15 (h)(2) must be computed, until paid, at the rate of one percent per
16 month from the first day of the first month following the due date
17 of the additional gaming taxes.

18 Sec. 2202.253. DETERMINATION OF GROSS GAMING REVENUE. (a)
19 In calculating gross gaming revenue, a prize, premium, drawing,
20 benefit, or ticket that is redeemable for money, merchandise, or
21 other promotional allowance, except money, chips, or tokens paid at
22 face value directly to a patron as the result of a specific wager
23 and the amount of cash paid to purchase an annuity to fund winnings,
24 may not be deducted from gross gaming revenue as a loss at any game
25 except a slot machine or a table game with a progressive jackpot.

26 (b) In calculating gross gaming revenue from slot machines
27 at a casino, the actual cost to the license holder of any personal

1 property distributed to a patron as the result of a legitimate wager
2 may be deducted as a loss, but travel expenses, food, refreshments,
3 lodging, or services at the license holder's facility may not be
4 deducted. For the purposes of this subsection, personal property is
5 distributed as the result of a legitimate wager if a patron must
6 make a wager before receiving the personal property, regardless of
7 whether the receipt of the personal property is dependent on the
8 outcome of the wager.

9 (c) Cash or the value of noncash prizes awarded to patrons
10 in a contest or tournament are not losses for purposes of
11 determining gross gaming revenue under this section.

12 Sec. 2202.254. REFUND OF OVERPAYMENT. (a) Taxes imposed
13 under this subchapter that are erroneously collected may be
14 refunded, on approval of the commission, as other claims against
15 the state are paid.

16 (b) Not later than the 90th day after the date notice of the
17 commission's action on a claim for refund filed under this chapter
18 is sent by mail, the claimant may bring an action against the
19 commission on the grounds stated in the claim for the recovery of
20 any part of the amount of the claim that has been disallowed.

21 (c) Failure to bring an action within the time specified by
22 Subsection (b) constitutes a waiver of any demand against the state
23 on account of alleged overpayments.

24 (d) If the commission fails to mail its notice of action on a
25 claim within six months after the date the claim is filed, the
26 claimant may consider the claim disallowed and bring an action
27 against the commission on the grounds set forth in the claim for the

1 recovery of any part of the amount claimed as an overpayment.

2 (e) In a case where a refund is granted, interest is allowed
3 at the rates provided in Section 111.064, Tax Code.

4 (f) A claim for refund of taxes imposed under this
5 subchapter that are paid in excess of the amount required to be
6 reported and paid must be filed not later than two years after the
7 date of overpayment.

8 Sec. 2202.255. DETERMINATION OF DEFICIENCY. (a) If a
9 casino owner license holder fails to make a report of the taxes
10 imposed under this subchapter as required by this chapter, or if the
11 executive director is not satisfied with the license holder's
12 report of the taxes, the executive director may compute and
13 determine the amount required to be paid based on:

14 (1) any facts contained in the report;

15 (2) an audit conducted by the executive director;

16 (3) an estimate of the amount of taxes due;

17 (4) any information in the commission's possession or
18 that may come into the executive director's possession; or

19 (5) any combination of the methods described by
20 Subdivisions (1)-(4).

21 (b) In making a determination, the commission may offset
22 overpayments and interest due against underpayments and interest or
23 penalties due for the period of the audit.

24 (c) The executive director shall give prompt written notice
25 of a determination of a deficiency under this section to the casino
26 owner license holder. Except in the case of fraud or intent to evade
27 the payment of the tax, a notice of a determination of a deficiency

1 must be mailed not later than that later of the second anniversary
2 of the:

3 (1) last day of the calendar month following the
4 applicable reporting period in which the deficiency occurred; or

5 (2) date the report is filed by the license holder.

6 (d) If the reasons for the deficiency are not apparent, the
7 executive director shall include an explanation of those reasons in
8 the notice of a determination of a deficiency.

9 (e) If overpayments and interest exceed underpayments,
10 penalties, and interest, the excess amount shall be refunded to the
11 casino owner license holder.

12 Sec. 2202.256. PETITION FOR REVIEW. (a) A casino owner
13 license holder against whom a determination is made under Section
14 2202.255 may petition the commission for a redetermination not
15 later than the 30th day after the date of service of notice of the
16 determination. If a petition for redetermination satisfying the
17 requirements of Subsection (c) is not filed within the 30-day
18 period, the determination becomes final.

19 (b) If a petition for redetermination satisfying the
20 requirements of Subsection (c) is filed within the 30-day period,
21 the commission shall reconsider the determination and, if the
22 petitioner requests, shall grant a hearing.

23 (c) A petition for redetermination must:

24 (1) specify the contested portions of the
25 determination of deficiency;

26 (2) specify the grounds for redetermination;

27 (3) state whether a hearing is requested; and

1 (4) be accompanied by payment in full of the
2 uncontested portion of the determination, including any interest
3 and penalties.

4 (d) An order or decision of the commission on a petition for
5 redetermination is final 10 days after the date of service on the
6 petitioner.

7 (e) A petitioner against whom an order or decision of the
8 commission becomes final may, not later than the 60th day after the
9 date the decision is final, petition for judicial review in the
10 manner provided by Chapter 2001, Government Code. The executive
11 director may not petition for judicial review.

12 Sec. 2202.257. TAX ADMINISTRATION. (a) The commission
13 shall perform all functions incident to the administration,
14 collection, enforcement, and operation of a fee or tax imposed
15 under this chapter. The commission may adopt rules and prescribe
16 forms for the administration, collection, and enforcement of a fee
17 or tax and for the reporting of a fee or tax.

18 (b) Subtitle B, Title 2, Tax Code, applies to the
19 administration, collection, and enforcement of a tax imposed under
20 this subchapter, except that the powers and duties assigned to the
21 comptroller under that subtitle are assigned to the commission.

22 SUBCHAPTER G. REGULATION OF CASINO OPERATIONS

23 Sec. 2202.301. REGULATION OF CASINO OPERATIONS. (a) The
24 commission shall adopt rules applicable to the operation of casinos
25 as the commission finds necessary for the protection of the health,
26 safety, morals, and general welfare of this state and for the
27 reputation of the state's gaming industry.

1 (b) Casinos may operate 24 hours a day, seven days a week. A
2 license holder may elect other hours of operation.

3 (c) The commission by rule shall authorize and regulate
4 wagering at a casino on the outcome of a sports event. Rules adopted
5 under this subsection must be consistent with any rules adopted by
6 other state agencies regulating wagering on the outcome of a sports
7 event.

8 Sec. 2202.302. USE OF CHIPS OR TOKENS. All gaming must be
9 conducted with legal tender of the United States or with chips,
10 tokens, or other instrumentality approved by the commission for
11 that purpose.

12 Sec. 2202.303. REPORTING REQUIREMENTS. (a) A casino owner
13 license holder shall keep the license holder's books and records in
14 a manner that clearly shows the total amount of gross gaming
15 revenue, as applicable, and other revenues received.

16 (b) The books and records kept by a casino owner license
17 holder relating to gaming operations are not public records and the
18 publication and dissemination of the materials by the commission is
19 prohibited.

20 (c) A casino owner license holder shall file a report of
21 each change of the corporate officers and directors with the
22 commission. The commission shall, not later than the 90th day after
23 the date of the change, approve or disapprove the change. During
24 the 90-day period, the officer or director is entitled to exercise
25 the powers of the office to which the officer or director was
26 elected or appointed.

27 (d) A casino owner license holder shall report to the

1 executive director in writing a change in company employees who
2 have been designated as key employees.

3 (e) The commission may require that a company furnish the
4 commission with a copy of its federal income tax return not later
5 than the 30th day after the date the return is filed with the
6 federal government.

7 Sec. 2202.304. EXCLUSION OF PERSONS. (a) The commission by
8 rule shall provide for the establishment of a list of persons who
9 must be excluded or ejected from a casino. The list may include a
10 person whose presence in the casino or establishment is determined
11 by the commission to pose a threat to the interests of this state,
12 to licensed gaming, or to both interests.

13 (b) In making a determination under this section, the
14 commission may consider any:

15 (1) prior conviction of a crime that is a felony in
16 this state or under the laws of the United States or a crime
17 involving moral turpitude or a violation of the gaming laws of a
18 state; or

19 (2) violation of or conspiracy to violate this chapter
20 relating to:

21 (A) the failure to disclose an interest in a
22 casino for which the person must obtain a license;

23 (B) willful evasion of a fee or a tax;

24 (C) notorious or unsavory reputation that would
25 adversely affect public confidence and trust that the gaming
26 industry is free from criminal or corruptive elements; or

27 (D) a written order of a governmental agency that

1 authorizes the exclusion or ejection of the person from a casino
2 where casino gaming or pari-mutuel wagering is conducted.

3 Sec. 2202.305. INTERNAL AUDIT AND CONTROL SYSTEMS. (a) A
4 casino owner license holder shall adopt an internal control system
5 that provides for:

6 (1) the safeguarding of its assets and revenues,
7 especially the recording of cash and evidences of indebtedness; and

8 (2) the provision of reliable records, accounts, and
9 reports of transactions, operations, and events, including reports
10 to the executive director and the commission.

11 (b) The internal control system must be designed to
12 reasonably ensure that:

13 (1) assets are safeguarded;

14 (2) financial records are accurate and reliable;

15 (3) transactions are performed only in accordance with
16 management's general or specific authorization;

17 (4) transactions are recorded adequately to allow
18 proper reporting of gaming revenue and of fees and taxes and to
19 maintain accountability for assets;

20 (5) access to assets is allowed only in accordance
21 with management's specific authorization;

22 (6) recorded accountability for assets is compared
23 with actual assets at reasonable intervals and appropriate action
24 is taken with respect to any discrepancies; and

25 (7) functions, duties, and responsibilities are
26 appropriately segregated and performed in accordance with sound
27 practices by competent, qualified personnel.

1 (c) A casino owner license holder and an applicant for a
2 casino owner's license shall describe, in a manner approved or
3 required by the executive director, the license holder's or
4 applicant's administrative and accounting procedures in detail in a
5 written system of internal control. A casino owner license holder
6 and applicant for a casino owner's license shall submit a copy of
7 the license holder's or applicant's written system to the executive
8 director. A written system must include:

9 (1) an organizational chart depicting appropriate
10 segregation of functions and responsibilities;

11 (2) a description of the duties and responsibilities
12 of each position shown on the organizational chart;

13 (3) a detailed, narrative description of the
14 administrative and accounting procedures designed to satisfy the
15 requirements of Section 2202.303(a);

16 (4) a written statement signed by the license holder's
17 chief financial officer and either the license holder's chief
18 executive officer or the casino owner license holder attesting that
19 the system satisfies the requirements of this section;

20 (5) if the written system is submitted by an
21 applicant, a letter from an independent certified public accountant
22 stating that the applicant's written system has been reviewed by
23 the certified public accountant and complies with the requirements
24 of this section; and

25 (6) other items the executive director may require.

26 (d) The commission shall adopt minimum standards for
27 internal control procedures.

1 Sec. 2202.306. AGE REQUIREMENTS. A person under the age of
2 21 years may not:

3 (1) play, be allowed to play, place wagers, or collect
4 winnings, personally or through an agent, from any casino gaming
5 authorized under this chapter; or

6 (2) be employed as a gaming employee.

7 Sec. 2202.307. ACCEPTANCE OF CREDIT INSTRUMENTS. (a) A
8 credit instrument evidencing a gaming transaction may be enforced
9 by legal process.

10 (b) A license holder may accept an incomplete credit
11 instrument that is signed by a patron and states the amount of the
12 debt. The license holder may complete the instrument as is
13 necessary for the instrument to be presented for payment.

14 (c) A license holder:

15 (1) may not accept a credit instrument that is
16 incomplete, except as authorized by Subsection (b); and

17 (2) may accept a credit instrument that is payable to
18 an affiliate or may complete a credit instrument in the name of an
19 affiliate as payee if the credit instrument otherwise complies with
20 this section and the records of the affiliate pertaining to the
21 credit instrument are made available to the executive director on
22 request.

23 (d) This section does not prohibit the establishment of an
24 account by a deposit of cash, recognized traveler's check, or any
25 other instrument that is equivalent to cash.

26 (e) Any person, license holder, or the agents or employees
27 of the person or license holder who violate this section are subject

1 only to the penalties provided in this chapter relating to
2 disciplinary actions. The failure of a person to comply with this
3 section or commission rules does not invalidate a credit instrument
4 or affect the ability to enforce the credit instrument or the
5 transaction that the credit instrument represents.

6 Sec. 2202.308. GAMBLING DEBTS. (a) Except as otherwise
7 provided by this chapter, gambling debts not evidenced by a credit
8 instrument are void and unenforceable and do not give rise to any
9 administrative or civil cause of action.

10 (b) A claim by a patron of a license holder for payment of a
11 gambling debt not evidenced by a credit instrument may be resolved
12 by the executive director under commission rules.

13 (c) The executive director shall send a copy of the
14 director's ruling by first class mail to the attorneys of record and
15 shall keep an appropriate copy of the mailing. If a party is not
16 represented by an attorney of record, the executive director shall
17 send a copy of the ruling by first class mail to the party and shall
18 keep an appropriate record of the mailing.

19 (d) A party or attorney of record notified by mail under
20 this section is presumed to have been notified on the date on which
21 the notice is mailed.

22 (e) A party aggrieved by the executive director's ruling is
23 entitled to have the claim resolved by the commission in a contested
24 case under Chapter 2001, Government Code, if the party files a
25 written complaint with the commission challenging the executive
26 director's decision not later than the 20th day after the date on
27 which the party or the party's attorney of record is notified by

1 mail.

2 Sec. 2202.309. QUESTIONING AND DETENTION OF PERSONS. (a) A
3 casino owner license holder or the license holder's officer,
4 employee, or agent may question any person on the license holder's
5 premises suspected of violating this chapter. The casino owner
6 license holder or the license holder's officer, employee, or agent
7 is not criminally or civilly liable:

8 (1) as a result of the questioning; or

9 (2) for reporting the person suspected of the
10 violation to the executive director or law enforcement authorities.

11 (b) A casino owner license holder or the license holder's
12 officer, employee, or agent who has reasonable cause to believe
13 that there has been a violation of this chapter in the license
14 holder's casino by a person may take that person into custody and
15 detain the person in the casino in a reasonable manner and for a
16 reasonable length of time. The taking into custody and detention
17 does not render a license holder or the license holder's officer,
18 employee, or agent criminally or civilly liable unless it is
19 established by clear and convincing evidence that the taking into
20 custody and detention are unreasonable under all the circumstances.

21 (c) A casino owner license holder or the license holder's
22 officer, employee, or agent is not entitled to the immunity from
23 liability provided by Subsection (a) or (b) unless there is
24 displayed in a conspicuous place in the license holder's
25 establishment a notice in boldface type, clearly legible, and in
26 substantially this form:

27 A CASINO OWNER LICENSE HOLDER OR THE HOLDER'S

1 OFFICER, EMPLOYEE, OR AGENT WHO HAS A REASONABLE CAUSE
2 TO BELIEVE THAT A PERSON HAS VIOLATED A PROVISION OF
3 CHAPTER 2202, OCCUPATIONS CODE, MAY QUESTION OR DETAIN
4 THAT PERSON IN THIS ESTABLISHMENT.

5 Sec. 2202.310. SLOT MACHINE DISABLED. (a) The commission
6 may disable a slot machine operated by a license holder under this
7 chapter at the time:

8 (1) a proceeding to summarily suspend the license is
9 initiated;

10 (2) the commission discovers the license holder failed
11 to deposit money received from slot machine operations as required
12 if the license is being summarily suspended under this section; or

13 (3) an act or omission occurs that, under commission
14 rules, justifies the termination of slot machine operations to:

15 (A) protect the integrity of gaming or the public
16 health, welfare, or safety; or

17 (B) prevent financial loss to this state.

18 (b) The commission shall immediately disable a slot machine
19 if necessary to protect the public health, welfare, or safety.

20 Sec. 2202.311. SLOT MACHINE: DISTRIBUTION AND COMMISSION
21 APPROVAL. (a) A person may not distribute a slot machine or other
22 gaming or associated equipment for placement at a casino or
23 destination resort in this state unless the machine or equipment
24 has been approved by the commission.

25 (b) Only a person that holds a manufacturer's license issued
26 under this chapter may apply for approval of a slot machine or other
27 gaming or associated equipment.

1 Sec. 2202.312. TECHNICAL STANDARDS FOR GAMING EQUIPMENT.

2 The commission by rule shall establish minimum technical standards
3 for gaming equipment that may be operated in this state.

4 Sec. 2202.313. INCIDENT REPORTS. (a) A casino owner

5 license holder or casino operator license holder shall record all
6 potential criminal violations related to gaming activity in the
7 casino operated by the owner or operator.

8 (b) The casino owner license holder or casino operator
9 license holder for a casino shall assign each incident, without
10 regard to materiality, a sequential number and, at a minimum,
11 provide the following information in a permanent record prepared in
12 accordance with commission rules to ensure the integrity of the
13 record:

14 (1) the number assigned to the incident;

15 (2) the date and time of the incident;

16 (3) the nature of the incident;

17 (4) each person involved in the incident; and

18 (5) the name of the employee or other agent of the
19 owner or operator who investigated the incident.

20 Sec. 2202.314. SLOT MACHINE EVENTS. A casino owner license
21 holder or casino operator license holder of a casino shall keep a
22 database of slot machine events. The commission by rule shall
23 determine what constitutes a slot machine event for purposes of
24 this section.

25 Sec. 2202.315. SECURITY. (a) The casino owner license
26 holder or casino operator license holder of a casino shall:

27 (1) continuously monitor all slot machines through the

1 use of a closed-circuit television system that records activity for
2 a continuous 24-hour period, retain all videotapes or other media
3 used to store video images for not fewer than seven days, and make
4 the tapes or media available to the commission on request;

5 (2) submit for commission approval a security plan and
6 a floor plan of the area where slot machines are operated showing
7 slot machine locations and security camera mount locations; and

8 (3) employ at least the minimum number of private
9 security personnel the commission determines is necessary to
10 provide for safe and approved operation of the casino and the safety
11 and well-being of the players.

12 (b) Private security personnel must be present during all
13 hours of operation at each casino.

14 (c) An agent or employee of the commission or the Department
15 of Public Safety or other law enforcement personnel may be present
16 at a casino at any time.

17 (d) The commission may adopt rules to impose additional
18 surveillance and security requirements related to casinos and the
19 operation of slot machines.

20 Sec. 2202.316. COMMISSION RIGHT TO ENTER. The commission
21 or the commission's representative, after displaying appropriate
22 identification and credentials, has the free and unrestricted right
23 to:

24 (1) enter the premises of a casino;

25 (2) enter at all times any other locations involved in
26 operation or support of slot machines; and

27 (3) inspect and copy the records of the owner or

1 operator of a casino pertaining to the operation of slot machines.

2 Sec. 2202.317. APPOINTMENT OF SUPERVISOR. (a) The
3 commission by rule may provide for the appointment of a supervisor
4 to manage and operate a casino at the direction of the commission
5 and perform any act that a casino owner license holder or casino
6 operator license holder is entitled to perform in the event that:

7 (1) the owner's or operator's license or other license
8 required for operation of the casino is revoked or suspended,
9 lapses, or is surrendered;

10 (2) a casino has been conveyed or transferred to a
11 secured party receiver or trustee who does not hold the necessary
12 licenses to operate the casino; or

13 (3) any other event occurs that causes the casino to
14 cease the operation of slot machines.

15 (b) The rules may allow the commission to:

16 (1) take any action or adopt any procedure necessary
17 to operate a casino pending the licensing of an owner or operator or
18 a successor on the transfer or sale of the casino or property; and

19 (2) if necessary to continue the operation of the
20 casino, sell the casino to a person that holds or has applied for
21 the licenses required to operate the casino under this chapter and
22 make appropriate distributions of the proceeds of the sale.

23 Sec. 2202.318. OFFENSE: CONVEYANCE OF CASINO PROPERTY. (a)
24 A person commits an offense if during the pendency of any proceeding
25 before the commission that may result in the appointment of a
26 supervisor or during the period of supervision the person:

27 (1) sells, leases, or otherwise conveys for less than

1 full market value or pledges as security any property of a casino;
2 or

3 (2) removes from this state or secretes from the
4 commission or the supervisor any property, money, books, or records
5 of the casino, including evidences of debts owed to the casino.

6 (b) An offense under Subsection (a) is a felony of the third
7 degree.

8 SUBCHAPTER H. ENFORCEMENT

9 Sec. 2202.351. ENFORCEMENT. (a) The executive director
10 shall conduct an appropriate investigation to:

11 (1) determine whether there has been a violation of
12 this chapter or of a commission rule;

13 (2) determine facts, conditions, practices, or
14 matters that the director considers necessary or proper to aid in
15 the enforcement of a law or rule;

16 (3) aid in adopting rules;

17 (4) secure information as a basis for recommending
18 legislation relating to this chapter; and

19 (5) determine whether a license holder is able to meet
20 the license holder's financial obligations, including all
21 financial obligations imposed by this chapter, as they become due.

22 (b) If after an investigation the executive director is
23 satisfied that a license should be limited, conditioned, suspended,
24 or revoked, or that a fine should be levied, the executive director
25 shall initiate a hearing under Section 2202.356.

26 Sec. 2202.352. PRIVILEGED DOCUMENTS. (a) A communication
27 or document of an applicant or license holder that is required by

1 law or commission rule or by a subpoena issued by the commission and
2 that is to be made or transmitted to the commission or the executive
3 director is privileged and does not impose liability for defamation
4 or constitute a ground for recovery in a civil action by a person
5 other than the commission.

6 (b) If a document or communication contains information
7 that is privileged, the privilege is not waived or lost because the
8 document or communication is disclosed to the commission or the
9 executive director.

10 (c) Notwithstanding the powers granted to the commission
11 and the executive director by this chapter:

12 (1) the commission and the executive director may not
13 release or disclose privileged information, documents, or
14 communications provided by an applicant and required by a lawful
15 court order after timely notice of the proceedings has been given to
16 the applicant or license holder without the prior written consent
17 of the applicant or license holder;

18 (2) the commission and the executive director shall
19 maintain all privileged information, documents, and communications
20 in a secure place accessible only to members of the commission and
21 the executive director; and

22 (3) the commission shall adopt procedures to protect
23 the privileged nature of information, documents, and
24 communications provided by an applicant or license holder.

25 Sec. 2202.353. RELEASE OF CONFIDENTIAL INFORMATION. An
26 application to a court for an order requiring the commission or the
27 executive director to release any information declared by law to be

1 confidential shall be made only on a motion in writing delivered not
2 later than the 10th day before the date of application to the
3 commission, the attorney general, and all persons who may be
4 affected by the entry of the order. Copies of the motion and all
5 papers filed in support of the motion shall be served with the
6 notice by delivering a copy in person or by certified mail to the
7 last known address of the person to be served.

8 Sec. 2202.354. EMERGENCY ORDERS. (a) The commission may
9 issue an emergency order for suspension, limitation, or
10 conditioning of a license or may issue an emergency order requiring
11 a casino to keep an individual license holder from the premises of
12 the licensed establishment or to not pay the license holder any
13 remuneration for services or any profits, income, or accruals on
14 the license holder's investment in the casino.

15 (b) An emergency order may be issued only if the commission
16 determines that:

17 (1) a license holder has wilfully failed to report,
18 pay, or truthfully account for a fee imposed under this chapter or
19 wilfully attempted in any manner to evade or defeat a fee or
20 payment;

21 (2) a license holder or gaming employee has cheated at
22 a gambling game; or

23 (3) the action is necessary for the immediate
24 preservation of the public peace, health, safety, morals, good
25 order, or general welfare.

26 (c) The emergency order must state the grounds on which it
27 is issued, including a statement of facts constituting the alleged

1 emergency necessitating the action.

2 (d) An emergency order may be issued only with the approval
3 of and under the signature of four or more members of the
4 commission.

5 (e) An emergency order is effective immediately on issuance
6 and service on the license holder or resident agent of the license
7 holder, gaming employee, or, in cases involving registration, on
8 issuance and service on the person or entity involved or resident
9 agent of the entity involved. An emergency order may suspend,
10 limit, condition, or take other action in relation to the license of
11 one or more persons in an operation without affecting other
12 individual license holders or the casino. An emergency order
13 remains effective until further order of the commission or final
14 disposition of the case.

15 (f) Not later than the fifth day after the date of issuance
16 of an emergency order, the executive director shall file a
17 complaint and serve it on the person or entity involved. The person
18 or entity against whom the emergency order has been issued and
19 served is entitled to a hearing before the commission and to
20 judicial review of the decision and order of the commission under
21 Chapter 2001, Government Code. Judicial review is under the
22 substantial evidence rule, as provided by that chapter.

23 Sec. 2202.355. REVOCATION OF LICENSE. (a) The commission
24 shall revoke or suspend a license issued under this chapter if the
25 holder of the license at any time fails to meet the eligibility
26 requirements set forth in this chapter.

27 (b) Failure to timely remit gaming revenue generated by slot

1 machines to the commission or any tax or other fee owed to this
2 state as demonstrated by report from the applicable taxing
3 authority or to timely file any report or information required
4 under this chapter as a condition of any license issued under this
5 chapter may be grounds for suspension or revocation, or both, of a
6 license issued under this chapter.

7 Sec. 2202.356. DISCIPLINARY HEARING. (a) Before the
8 commission revokes or suspends a license or imposes monetary
9 penalties for a violation of this chapter, the commission shall
10 provide written notice to the license holder of the revocation, the
11 period of suspension, or the monetary penalty. The notice shall
12 include:

13 (1) the effective date of the revocation or the period
14 of suspension or the amount of the monetary penalty, as applicable;

15 (2) each reason for the revocation, suspension, or
16 penalty;

17 (3) an explanation of the evidence supporting the
18 reasons;

19 (4) an opportunity to present the license holder's
20 position in response on or before the 15th day after the effective
21 date of the revocation; and

22 (5) a statement explaining the person's right to an
23 administrative hearing to determine whether the revocation,
24 suspension, or penalty is warranted.

25 (b) The notice required under Subsection (a) must be made by
26 personal delivery or by mail to the person's mailing address as it
27 appears on the commission's records.

1 (c) To obtain an administrative hearing on a suspension,
2 revocation, or penalty under this section, a person must submit a
3 written request for a hearing to the commission not later than the
4 20th day after the date notice is delivered personally or is mailed.

5 (d) If the commission receives a timely request under
6 Subsection (c), the commission shall provide the person with an
7 opportunity for a hearing as soon as practicable. If the commission
8 does not receive a timely request under Subsection (c), the
9 commission may impose the penalty, revoke or suspend a license, or
10 sustain the revocation or suspension without a hearing.

11 (e) Except as provided by Subsection (f), the hearing must
12 be held not earlier than the 11th day after the date the written
13 request is submitted to the commission.

14 (f) The commission may provide that a revocation or
15 suspension takes effect on receipt of notice under Subsection (a)
16 if the commission finds that the action is necessary to prevent or
17 remedy a threat to public health, safety, or welfare. The
18 commission by rule shall establish a nonexclusive list of
19 violations that present a threat to the public health, safety, or
20 welfare.

21 (g) A hearing on a revocation or suspension that takes
22 effect on receipt of notice must be held not later than the 14th day
23 after the date the commission receives the request for hearing
24 under this section. The revocation or suspension continues in
25 effect until the hearing is completed. If the hearing is continued,
26 the revocation or suspension shall continue in effect beyond the
27 14-day period at the request of the license holder or on a finding

1 of good cause by the commission or administrative law judge.

2 (h) To prevail in an administrative hearing under this
3 section occurring after revocation or suspension, the license
4 holder must demonstrate by clear and convincing evidence that the
5 deprivation or imposition of a penalty was unwarranted or otherwise
6 unlawful. The post-deprivation hearing may be conducted by the
7 commission or referred to the State Office of Administrative
8 Hearings.

9 (i) The administrative record created by the hearing
10 conducted by the State Office of Administrative Hearings shall be
11 provided to the commission for review and determination on the
12 revocation or suspension.

13 (j) If an administrative law judge of the State Office of
14 Administrative Hearings conducts a hearing under this section and
15 the proposal for decision supports the commission's position, the
16 administrative law judge shall include in the proposal a finding of
17 the costs, fees, expenses, and reasonable and necessary attorney's
18 fees this state incurred in bringing the proceeding.

19 (k) The commission may adopt the findings for costs, fees,
20 and expenses and make the finding a part of the final order entered
21 in the proceeding. Proceeds collected from a finding made under
22 this section shall be paid to the commission.

23 Sec. 2202.357. JUDICIAL REVIEW OF REVOCATION, SUSPENSION,
24 OR PENALTY IMPOSITION. (a) A person aggrieved by a final decision
25 of the commission to revoke or suspend a license or to impose any
26 monetary penalty may obtain judicial review before a district court
27 in Travis County.

1 (b) The judicial review must be instituted by serving on the
2 commission and filing a petition not later than the 20th day after
3 the effective date of the final decision and must identify the order
4 appealed from and the grounds or reason why the petitioner contends
5 the decision of the commission should be reversed or modified.

6 (c) The review must be conducted by the court sitting
7 without jury, and must not be a trial de novo but is confined to the
8 record on review. The reviewing court may only affirm the decision,
9 remand the case for further proceedings, or reverse the decision if
10 the substantial rights of the petitioner have been violated.

11 (d) If any court of competent jurisdiction concludes on
12 judicial review limited to the administrative record before the
13 commission and subject to the substantial evidence standard that
14 the revocation, suspension, or penalty was unwarranted or otherwise
15 unlawful, the sole remedy available is invalidation of the penalty
16 or reinstatement of the license and the continued distribution,
17 manufacture, or operation of slot machines.

18 (e) The commission, this state, or the members, officers,
19 employees, and authorized agents of the commission or the state are
20 not under any circumstances subject to monetary damages, attorney's
21 fees, or court costs resulting from a penalty imposed or from the
22 revocation of a license.

23 Sec. 2202.358. EFFECT OF DENIAL OF LICENSE. (a) If a
24 person denied a license has previously been issued a temporary
25 license, the temporary license expires immediately on the issuance
26 of the denial.

27 (b) Except as otherwise authorized by the commission, a

1 person denied a license may not reapply for any license before the
2 second anniversary of the date of the denial.

3 Sec. 2202.359. AGREEMENT TO WAIVE ENFORCEABILITY. A
4 license holder by virtue of accepting the license agrees that the
5 privilege of holding a license under this chapter is conditioned on
6 the holder's agreement to Sections 2202.355, 2202.356, and 2202.357
7 and the holder waives any right to challenge or otherwise appeal the
8 enforceability of those sections.

9 Sec. 2202.360. LIMITED WAIVER OF SOVEREIGN IMMUNITY; NO
10 LIABILITY OF STATE FOR ENFORCEMENT. (a) This state does not waive
11 its sovereign immunity by negotiating gaming agreements with Indian
12 tribes or other persons for the operation of casino gaming or
13 gambling games under this subtitle. An actor or agent for this state
14 may not waive this state's sovereign immunity absent an express
15 legislative grant of that authority. The only waiver of sovereign
16 immunity relative to gaming operations is provided by this section.

17 (b) With regard to gaming operations on Indian lands, this
18 state consents to the jurisdiction of the District Court of the
19 United States with jurisdiction in the county where the Indian
20 lands are located, or if the federal court lacks jurisdiction, to
21 the jurisdiction of a district court in Travis County, solely for
22 the purpose of resolving disputes arising from a gaming agreement
23 authorized under this chapter or Chapter 2203 for declaratory or
24 injunctive relief or contract damages of \$100,000 or more. Any
25 disputes relating to damages or other awards valued at less than
26 \$100,000 shall be arbitrated under the rules of the American
27 Arbitration Association, provided, however, that application of

1 the rules may not be construed as a waiver of sovereign immunity.

2 (c) All financial obligations of the commission are payable
3 solely out of the income, revenues, and receipts of the commission
4 and are subject to statutory restrictions and appropriations.

5 (d) This state and the commission are not liable if
6 performance by the commission is compromised or terminated by acts
7 or omissions of the legislature or the state or federal judiciary.

8 (e) This state and the commission are not liable for acts or
9 omissions related to the enforcement of this subtitle.

10 Sec. 2202.361. ABSOLUTE PRIVILEGE OF REQUIRED
11 COMMUNICATIONS AND DOCUMENTS. (a) Any communication, document, or
12 record of an applicant for or holder of a license that is made or
13 transmitted to the commission or any of its employees to comply with
14 any law, including a commission rule, to comply with a subpoena
15 issued by the commission, or to assist the commission or its
16 designee in the performance of their respective duties is
17 absolutely privileged, does not impose liability for defamation,
18 and is not a ground for recovery in any civil action.

19 (b) If a communication, document, or record provided under
20 Subsection (a) contains any information that is privileged under
21 state law, that privilege is not waived or lost because the
22 communication, document, or record is disclosed to the commission
23 or any commission employees.

24 (c) The commission shall maintain all privileged
25 information, communications, documents, and records in a secure
26 place as determined in the commission's sole discretion that is
27 accessible only to commission members and authorized commission

1 employees.

2 SUBCHAPTER I. PENALTIES AND OFFENSES

3 Sec. 2202.401. FAILURE TO PAY FEES. (a) License fees and
4 other fees required by this chapter must be paid to the commission
5 on or before the dates provided by law for each fee.

6 (b) A person failing to timely pay a fee or tax when due
7 shall pay in addition a penalty of not less than \$50 or 25 percent of
8 the amount due, whichever is the greater. The penalty may not
9 exceed \$1,000 if the fee or tax is less than 10 days late and may not
10 exceed \$5,000 under any circumstances. The commission shall
11 collect the penalty in the same manner as other charges, license
12 fees, and penalties are collected under this chapter.

13 Sec. 2202.402. FAILURE TO REPORT, PAY, OR ACCOUNT FOR FEE OR
14 TAX. (a) A person commits an offense if the person wilfully:

15 (1) fails to report, pay, or truthfully account for a
16 fee or tax imposed under this chapter; or

17 (2) attempts in any manner to evade or defeat a fee or
18 tax.

19 (b) An offense under this section is a Class A misdemeanor.

20 Sec. 2202.403. GAMING FRAUD. (a) A person commits an
21 offense if the person knowingly:

22 (1) alters or misrepresents the outcome of a game or
23 other event on which wagers have been made after the outcome is made
24 sure but before it is revealed to the players;

25 (2) places, increases, or decreases a bet or
26 determines the course of play after acquiring knowledge, not
27 available to all players, of the outcome of the game or an event

1 that affects the outcome of the game or that is the subject of the
2 bet or aids anyone in acquiring such knowledge for the purpose of
3 placing, increasing, or decreasing a bet or determining the course
4 of play contingent on that event or outcome;

5 (3) claims, collects, or takes, or attempts to claim,
6 collect, or take, money or anything of value in or from a gambling
7 game, with the intent to defraud, without having made a wager
8 contingent on the game;

9 (4) claims, collects, or takes an amount greater than
10 the amount won from a gambling game;

11 (5) entices or induces another to go to a place where a
12 gambling game is being conducted or operated in violation of this
13 subtitle, with the intent that the other person play or participate
14 in that gambling game;

15 (6) places or increases a bet after acquiring
16 knowledge of the outcome of the game or other event that is the
17 subject of the bet, including past posting and pressing bets;

18 (7) reduces the amount wagered or cancels the bet
19 after acquiring knowledge of the outcome of the game or other event
20 that is the subject of the bet, including pinching bets; or

21 (8) manipulates, with the intent to cheat, a component
22 of a gaming device in a manner contrary to the designed and normal
23 operational purpose for the component, including varying the pull
24 of the handle of a slot machine, with knowledge that the
25 manipulation affects the outcome of the game or with knowledge of an
26 event that affects the outcome of the game.

27 (b) An offense under this section is a felony of the third

1 degree.

2 Sec. 2202.404. USE OF PROHIBITED DEVICES. (a) A person
3 commits an offense if the person, at a casino, uses or possesses
4 with the intent to use a device, other than those customarily used
5 in the conduct of gaming to assist in:

6 (1) projecting the outcome of the game;

7 (2) keeping track of the cards played; or

8 (3) analyzing the probability of the occurrence of an
9 event relating to the game.

10 (b) An offense under this section is a felony of the third
11 degree.

12 Sec. 2202.405. USE OF COUNTERFEIT OR UNAUTHORIZED TOKEN,
13 CHIP, OR COIN. (a) A person commits an offense if the person
14 knowingly uses counterfeit tokens, chips, or coins in a gambling
15 game.

16 (b) A person commits an offense if the person, in playing
17 any gambling game designed to receive, be played with, or be
18 operated by lawful tender of the United States of America or by
19 tokens or chips approved by the executive director knowingly uses a
20 token, chip, or coin other than tokens, chips, or coins designed for
21 the game.

22 (c) A person, other than an authorized employee of an
23 owner's license holder acting in furtherance of the person's
24 employment within an establishment, commits an offense if the
25 person knowingly has on the person's body or in the person's
26 possession on or off the premises of a casino a device intended to
27 be used to violate the provisions of this chapter.

1 (d) A person, other than an authorized employee of a license
2 holder acting in furtherance of the person's employment within a
3 casino, commits an offense if the person knowingly has on the
4 person's body or in the person's possession on or off the premises
5 of a casino a key or device known to have been designed for the
6 purpose of and suitable for opening, entering, or affecting the
7 operation of a gambling game, a drop box, or an electronic or
8 mechanical device connected to the game or box or for removing money
9 or other contents from the game or box.

10 (e) A person commits an offense if the person, with the
11 intent to manufacture slugs for unauthorized use in gaming devices
12 located at a casino, knowingly has on the person's body or in the
13 person's possession paraphernalia for manufacturing slugs. In this
14 subsection, "paraphernalia for manufacturing slugs" means the
15 equipment, products, and materials that are intended for use or
16 designed for use in manufacturing, producing, fabricating,
17 preparing, testing, analyzing, packaging, storing, or concealing a
18 counterfeit facsimile of the chips or tokens approved by the
19 executive director or a lawful coin of the United States, the use of
20 which is an offense under Subsection (b). The term includes:

21 (1) lead or lead alloys;

22 (2) molds, forms, or similar equipment capable of
23 producing a likeness of a gaming token or United States coin;

24 (3) melting pots or other receptacles;

25 (4) torches; and

26 (5) tongs, trimming tools, or other similar equipment.

27 (f) Possession of more than one of the devices, equipment,

1 products, or materials described in this section permits a
2 rebuttable inference that the possessor intended to use them to
3 cheat. In this subsection, "cheat" has the meaning assigned by
4 Section 2202.406.

5 (g) An offense under this section is a felony of the third
6 degree.

7 Sec. 2202.406. CHEATING. (a) In this section, "cheat"
8 means to alter the elements of chance, method of selection, or
9 criteria that determine the result of a game or the amount or
10 frequency of payment in a game.

11 (b) A person commits an offense if the person knowingly
12 cheats at any gambling game.

13 (c) An offense under this section is a state jail felony.

14 Sec. 2202.407. POSSESSION OF UNLAWFUL GAMING DEVICES. (a)
15 A person commits an offense if the person possesses any slot machine
16 or other gaming device that the person knows has been manufactured,
17 sold, or distributed in violation of this chapter.

18 (b) An offense under this section is a Class A misdemeanor.

19 Sec. 2202.408. UNLAWFUL MANUFACTURE, SALE, OR DISTRIBUTION
20 OF GAMING EQUIPMENT. (a) In this section, "cheat" has the meaning
21 assigned by Section 2202.406.

22 (b) A person commits an offense if the person manufactures,
23 sells, or distributes cards, chips, dice, a game, or a device
24 intended to be used to violate this chapter.

25 (c) A person commits an offense if the person marks, alters,
26 or otherwise modifies any associated equipment or gaming device in
27 a manner that:

1 (1) affects the result of a wager by determining a win
2 or loss; or

3 (2) alters the normal criteria of random selection
4 that affect the operation of a game or determine the outcome of a
5 game.

6 (d) A person commits an offense if the person instructs
7 another person in cheating or in the use of a device for cheating at
8 any game authorized to be conducted at a casino, with the knowledge
9 or intent that the information or use may be employed to violate
10 this chapter.

11 (e) An offense under this section is a felony of the third
12 degree.

13 Sec. 2202.409. UNLAWFUL REPORTING. (a) A person commits an
14 offense if the person, in a license application, in a book or record
15 required to be maintained by this chapter or a rule adopted under
16 this chapter, or in a report required to be submitted by this
17 chapter or a rule adopted under this chapter:

18 (1) makes a statement or entry that the person knows to
19 be false or misleading; or

20 (2) knowingly fails to maintain or make an entry the
21 person knows is required to be maintained or made.

22 (b) A person commits an offense if the person knowingly
23 refuses to produce for inspection by the executive director a book,
24 record, or document required to be maintained or made by this
25 chapter or a rule adopted under this chapter.

26 (c) An offense under this section is a Class A misdemeanor.

27 Sec. 2202.410. OTHER UNLAWFUL VIOLATIONS. (a) A person

1 commits an offense if the person knowingly violates, attempts to
2 violate, or conspires to violate a provision of this chapter
3 specifying a prohibited act in a manner that is not otherwise
4 specified as an offense under this subchapter.

5 (b) An offense under this section is a Class A misdemeanor.

6 Sec. 2202.411. UNAUTHORIZED OPERATION, USE, OR POSSESSION
7 OF GAMING DEVICE. (a) A person may not operate, use, or possess a
8 gaming device unless the operation, use, or possession is expressly
9 authorized by this chapter or other law.

10 (b) Except for transport to or from a casino and as provided
11 by this chapter, a person commits an offense if the person operates,
12 uses, or possesses a gaming device that is not authorized under this
13 chapter or other law. An offense under this subsection is a felony
14 of the third degree.

15 (c) Notwithstanding Subsection (b), a casino owner or
16 operator, or a manufacturer may store a gaming device as authorized
17 by the commission for a period not to exceed 120 consecutive days,
18 and the commission may possess gaming devices for study and
19 evaluation.

20 (d) Nothing in this section shall be construed to prohibit
21 the operation, use, or possession of equipment, machines,
22 technological aids, or other devices allowed in connection with the
23 play of bingo under Chapter 2001.

24 Sec. 2202.412. SALE OF GAMBLING GAME TO OR PURCHASE OF
25 GAMBLING GAME BY PERSON YOUNGER THAN 21 YEARS OF AGE. (a) A person
26 licensed under this chapter or an employee of the person commits an
27 offense if the person intentionally or knowingly allows a person

1 younger than 21 years of age to play a gambling game.

2 (b) An individual who is younger than 21 years of age
3 commits an offense if the individual:

4 (1) plays a gambling game; or

5 (2) falsely represents the individual to be 21 years
6 of age or older by displaying evidence of age that is false or
7 fraudulent or misrepresents in any way the individual's age in
8 order to play a gambling game.

9 (c) It is a defense to prosecution under Subsection (b) that
10 the individual younger than 21 years of age is participating in an
11 inspection or investigation on behalf of the commission or other
12 appropriate governmental entity regarding compliance with this
13 section.

14 (d) An offense under Subsection (a) is a Class C
15 misdemeanor.

16 (e) An offense under Subsection (b) is a misdemeanor
17 punishable by a fine not to exceed \$250.

18 Sec. 2202.413. PURCHASE OF GAMBLING GAME WITH PUBLIC
19 ASSISTANCE FUNDS. (a) A person commits an offense if the person
20 intentionally or knowingly plays a gambling game with public
21 assistance funds issued to the person under:

22 (1) Chapter 31, Human Resources Code; or

23 (2) Chapter 33, Human Resources Code, including funds
24 on electronic benefit transfer cards administered under Chapter 33,
25 Human Resources Code.

26 (b) An offense under this section is a Class C misdemeanor.

27 Sec. 2202.414. TAMPERING WITH GAMING OR ASSOCIATED

1 EQUIPMENT. (a) A person commits an offense if the person
2 intentionally or knowingly tampers with, damages, defaces, or
3 renders inoperable any vending machine, electronic computer
4 terminal, gaming device or other gaming or associated equipment, or
5 other mechanical device used in a gambling game.

6 (b) An offense under this section is a felony of the third
7 degree.

8 Sec. 2202.415. EFFECT ON OTHER LAWS. A person who is
9 subject to prosecution under an offense under this subchapter and
10 an offense under Chapter 47, Penal Code, may be prosecuted under
11 either or both laws.

12 SUBCHAPTER J. PROBLEM GAMBLING AND ADDICTION

13 Sec. 2202.451. PROBLEM GAMBLING AND ADDICTION GRANT FUND.

14 (a) The problem gambling and addiction grant fund is an account in
15 the general revenue fund.

16 (b) Money credited to the fund may be used only for awarding
17 grants under this subchapter. The fund shall be administered in
18 accordance with this subchapter.

19 (c) An expenditure from the problem gambling and addiction
20 grant fund shall be made in accordance with the General
21 Appropriations Act.

22 (d) Grants from money in the fund may be used only to:

23 (1) provide treatment for problem gambling, gambling
24 addiction, alcoholism, drug abuse, and other addictive behaviors;
25 and

26 (2) provide funding for research related to the impact
27 of gambling on state residents.

1 Sec. 2202.452. GRANT PROGRAM. (a) From funds appropriated
2 for the purpose, the commission shall administer a grant program to
3 provide assistance for the direct treatment of persons diagnosed as
4 suffering from pathological gambling and other addictive behaviors
5 and to provide funding for research regarding the impact of
6 gambling on residents of this state.

7 (b) Research grants awarded under this section may include
8 grants for determining the effectiveness of education and
9 prevention efforts on the prevalence of pathological gambling in
10 this state.

11 (c) A grant may be made only after open solicitation of
12 proposals and evaluation of proposals against criteria established
13 by commission rule.

14 (d) Public and private entities are eligible to apply for
15 and receive grants under this section.

16 (e) A grant made in accordance with this section shall be
17 made from funds appropriated to the commission from the problem
18 gambling and addiction grant fund and funds provided to the
19 commission in accordance with Section 2202.453.

20 Sec. 2202.453. GIFTS AND DONATIONS. The commission may
21 solicit and accept grants, gifts, contributions, or bequests made
22 for the purpose of funding grants under this subchapter and expend
23 the money for the purpose described by Section 2202.452, for which
24 the money was received.

25 Sec. 2202.454. RULES. (a) The commission shall administer
26 this subchapter and adopt rules establishing criteria for
27 qualification to receive grants and other matters considered

1 necessary by the commission for the administration of this
2 subchapter.

3 (b) The rules adopted by the commission must require that
4 each recipient of a grant report at least annually to the commission
5 the grantee's measurable achievement of specific outcome goals.

6 CHAPTER 2203. TRIBAL GAMING AGREEMENTS

7 Sec. 2203.001. DUTY OF GOVERNOR. The governor shall
8 execute, on behalf of this state, with a federally recognized
9 Indian tribe with Indian lands in this state a gaming agreement
10 containing the terms set forth in Section 2203.002, as a
11 ministerial act, without preconditions, not later than the 30th day
12 after the date the governor receives a request from the tribe,
13 accompanied by or in the form of a duly enacted resolution of the
14 tribe's governing body, to enter into the gaming agreement.

15 Sec. 2203.002. MODEL TRIBAL GAMING AGREEMENT. (a) A gaming
16 agreement executed under Section 2203.001 must be in the form and
17 contain the provisions as follows:

18 GAMING AGREEMENT GOVERNING GAMING OPERATIONS Between the [Name of
19 Tribe] and the STATE OF TEXAS

20 This agreement is made and entered into by and between the
21 [Name of Tribe], a federally recognized Indian Tribe ("Tribe"), and
22 the State of Texas ("State"), with respect to gaming on the Tribe's
23 Indian lands (as defined by Chapter 2201, Texas Occupations Code).

24 This agreement governs gambling on Indian lands held in trust
25 by the United States on January 1, 1998, for the Tribe.

26 Pursuant to express provisions of the Ysleta del Sur Pueblo
27 and Alabama and Coushatta Indian Tribes of Texas Restoration Act

1 (Pub. L. No. 100-89) addressing jurisdiction, the Tribe may engage
2 in any gaming activities that another person may be authorized to
3 engage in under Subtitle E, Title 13, Occupations Code.

4 The Tribe shall regulate the gaming activities authorized
5 under this agreement on the Tribe's Indian lands.

6 The Tribe shall adopt rules and procedures substantially
7 similar to the requirements of Subtitle E, Title 13, Occupations
8 Code, except that any regulatory oversight established under
9 Subtitle E for gaming conducted under a license shall be exercised
10 by the Tribe for gaming conducted under this agreement. The Tribe
11 may adopt the rules and procedures by reference to any provisions of
12 Subtitle E, Title 13, Occupations Code.

13 (b) A gaming agreement under Subsection (a) between this
14 state and a federally recognized Indian Tribe that is not subject to
15 the Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of
16 Texas Restoration Act (Pub. L. No. 100-89) may not include the
17 provision related to that Act.

18 Sec. 2203.003. NEGOTIATION FOR DIFFERENT TRIBAL GAMING
19 AGREEMENT TERMS. (a) This chapter does not limit the ability of a
20 federally recognized Indian tribe to request that a gaming
21 agreement be negotiated with this state on terms that are different
22 from those set forth in the gaming agreement under Section
23 2203.002, or the ability of this state to engage in negotiations and
24 to reach agreement under any applicable federal law.

25 (b) In offering to enter into a gaming agreement with Indian
26 tribes in this state under Section 2203.002, and, excluding
27 assessments by this state as provided in that section of the amounts

1 necessary to defray state costs of regulating activities as
2 provided under the gaming agreement, nothing in this chapter may be
3 construed to mean that:

4 (1) this state is imposing any tax, fee, charge, or
5 other assessment on an Indian tribe or on any other person or entity
6 authorized by an Indian tribe as a condition to engaging in a Class
7 III activity as defined in the Indian Gaming Regulatory Act (Pub. L.
8 No. 100-497); or

9 (2) this state is refusing to enter into gaming
10 agreement negotiations based on the lack of authority of this state
11 or a political subdivision of this state to impose the tax, fee,
12 charge, or other assessment.

13 (c) If any federally recognized tribe with jurisdiction
14 over Indian lands in this state requests that the governor enter
15 into negotiations for a gaming agreement under federal law
16 applicable to the tribe, including the Indian Gaming Regulatory Act
17 (Pub. L. No. 100-497), on terms different than those prescribed in
18 the gaming agreement set forth in Section 2203.002, the governor
19 shall enter into those negotiations under the federal law
20 applicable to the tribe and without preconditions and is authorized
21 to reach agreement and execute the agreement on behalf of this
22 state.

23 Sec. 2203.004. IMPLEMENTATION OF GAMING AGREEMENT. The
24 governor shall execute any documents necessary to implement a
25 gaming agreement authorized under this subchapter.

26 Sec. 2203.005. INCORPORATION INTO STATE LAW. The model
27 gaming agreement set out in Section 2203.002 is hereby incorporated

1 into state law, and the operation of gaming authorized under the
2 agreement is expressly authorized as a matter of state law for any
3 Indian tribe entering into the gaming agreement in accordance with
4 this subchapter.

5 Sec. 2203.006. REGULATORY MONEY RECEIVED UNDER GAMING
6 AGREEMENT. All money received by the commission under a gaming
7 agreement for regulatory costs incurred relative to tribal gaming
8 operations may be used only to defray expenses of the commission
9 incurred in the oversight, compliance with, and enforcement of
10 gaming operations conducted pursuant to a gaming agreement.

11 Sec. 2203.007. INJUNCTION; CIVIL PENALTY. (a) If the
12 commission, the appropriate governing body for an Indian tribe, or
13 the attorney general has reason to believe that this chapter has
14 been or is about to be violated, the attorney general may petition a
15 court for appropriate injunctive relief to restrain the violation.
16 Filing of the petition does not waive applicable sovereign
17 immunity.

18 (b) Venue for an action by this state seeking injunctive
19 relief is in a district court in Travis County.

20 (c) If the court finds that this chapter has been knowingly
21 violated, the court shall order all proceeds from any illegal
22 gambling to be forfeited to the appropriate governing body as a
23 civil penalty.

24 (d) The remedies provided by this section are not exclusive.
25 The commission may suspend or revoke a license, impose an
26 administrative penalty, or seek injunctive or civil penalties or
27 both, depending on the severity of the violation.

1 SECTION 2. Article 2.12, Code of Criminal Procedure, is
2 amended to read as follows:

3 Art. 2.12. WHO ARE PEACE OFFICERS. The following are peace
4 officers:

5 (1) sheriffs, their deputies, and those reserve
6 deputies who hold a permanent peace officer license issued under
7 Chapter 1701, Occupations Code;

8 (2) constables, deputy constables, and those reserve
9 deputy constables who hold a permanent peace officer license issued
10 under Chapter 1701, Occupations Code;

11 (3) marshals or police officers of an incorporated
12 city, town, or village, and those reserve municipal police officers
13 who hold a permanent peace officer license issued under Chapter
14 1701, Occupations Code;

15 (4) rangers, officers, and members of the reserve
16 officer corps commissioned by the Public Safety Commission and the
17 Director of the Department of Public Safety;

18 (5) investigators of the district attorneys', criminal
19 district attorneys', and county attorneys' offices;

20 (6) law enforcement agents of the Texas Alcoholic
21 Beverage Commission;

22 (7) each member of an arson investigating unit
23 commissioned by a city, a county, or the state;

24 (8) officers commissioned under Section 37.081,
25 Education Code, or Subchapter E, Chapter 51, Education Code;

26 (9) officers commissioned by the General Services
27 Commission;

1 (10) law enforcement officers commissioned by the
2 Parks and Wildlife Commission;

3 (11) airport police officers commissioned by a city
4 with a population of more than 1.18 million located primarily in a
5 county with a population of 2 million or more that operates an
6 airport that serves commercial air carriers;

7 (12) airport security personnel commissioned as peace
8 officers by the governing body of any political subdivision of this
9 state, other than a city described by Subdivision (11), that
10 operates an airport that serves commercial air carriers;

11 (13) municipal park and recreational patrolmen and
12 security officers;

13 (14) security officers and investigators commissioned
14 as peace officers by the comptroller;

15 (15) officers commissioned by a water control and
16 improvement district under Section 49.216, Water Code;

17 (16) officers commissioned by a board of trustees
18 under Chapter 54, Transportation Code;

19 (17) investigators commissioned by the Texas Medical
20 Board;

21 (18) officers commissioned by:

22 (A) the board of managers of the Dallas County
23 Hospital District, the Tarrant County Hospital District, the Bexar
24 County Hospital District, or the El Paso County Hospital District
25 under Section 281.057, Health and Safety Code;

26 (B) the board of directors of the Ector County
27 Hospital District under Section 1024.117, Special District Local

1 Laws Code;

2 (C) the board of directors of the Midland County
3 Hospital District of Midland County, Texas, under Section 1061.121,
4 Special District Local Laws Code; and

5 (D) the board of hospital managers of the Lubbock
6 County Hospital District of Lubbock County, Texas, under Section
7 1053.113, Special District Local Laws Code;

8 (19) county park rangers commissioned under
9 Subchapter E, Chapter 351, Local Government Code;

10 (20) investigators employed by the Texas Racing
11 Commission;

12 (21) officers commissioned under Chapter 554,
13 Occupations Code;

14 (22) officers commissioned by the governing body of a
15 metropolitan rapid transit authority under Section 451.108,
16 Transportation Code, or by a regional transportation authority
17 under Section 452.110, Transportation Code;

18 (23) investigators commissioned by the attorney
19 general under Section 402.009, Government Code;

20 (24) security officers and investigators commissioned
21 as peace officers under Chapter 466, Government Code;

22 (25) officers appointed by an appellate court under
23 Subchapter F, Chapter 53, Government Code;

24 (26) officers commissioned by the state fire marshal
25 under Chapter 417, Government Code;

26 (27) an investigator commissioned by the commissioner
27 of insurance under Section 701.104, Insurance Code;

1 (28) apprehension specialists and inspectors general
2 commissioned by the Texas Juvenile Justice Department as officers
3 under Sections [242.102](#) and [243.052](#), Human Resources Code;

4 (29) officers appointed by the inspector general of
5 the Texas Department of Criminal Justice under Section [493.019](#),
6 Government Code;

7 (30) investigators commissioned by the Texas
8 Commission on Law Enforcement under Section [1701.160](#), Occupations
9 Code;

10 (31) commission investigators commissioned by the
11 Texas Private Security Board under Section [1702.061](#), Occupations
12 Code;

13 (32) the fire marshal and any officers, inspectors, or
14 investigators commissioned by an emergency services district under
15 Chapter [775](#), Health and Safety Code;

16 (33) officers commissioned by the State Board of
17 Dental Examiners under Section [254.013](#), Occupations Code, subject
18 to the limitations imposed by that section;

19 (34) investigators commissioned by the Texas Juvenile
20 Justice Department as officers under Section [221.011](#), Human
21 Resources Code; ~~and~~

22 (35) the fire marshal and any related officers,
23 inspectors, or investigators commissioned by a county under
24 Subchapter [B](#), Chapter [352](#), Local Government Code; and

25 (36) investigators, security officers, and
26 enforcement officers commissioned by the Texas Gaming Commission
27 under Chapter 2201, Occupations Code.

1 SECTION 3. Subchapter F, Chapter 411, Government Code, is
2 amended by adding Section 411.1085 to read as follows:

3 Sec. 411.1085. ACCESS TO CRIMINAL HISTORY RECORD
4 INFORMATION: TEXAS GAMING COMMISSION. (a) The Texas Gaming
5 Commission is entitled to obtain from the department criminal
6 history record information maintained by the department that
7 relates to a person who, under Subtitle E, Title 13, Occupations
8 Code, is:

9 (1) a casino employee or an applicant for an
10 occupational license;

11 (2) a person required to hold a license or be named in
12 a license application under that subtitle;

13 (3) a casino owner or operator or prospective casino
14 owner or operator;

15 (4) a person who manufactures or distributes casino
16 equipment or supplies or a representative of a person who
17 manufactures or distributes casino equipment or supplies offered to
18 the casino;

19 (5) a person who has submitted a written bid or
20 proposal to the commission in connection with the procurement of
21 goods or services by the commission, if the amount of the bid or
22 proposal exceeds \$500;

23 (6) a person who proposes to enter into or who has a
24 contract with the commission to supply goods or services to the
25 commission;

26 (7) if a person described in Subdivisions (4) through
27 (6) is not an individual, each individual who:

- 1 (A) is an officer or director of the person;
2 (B) holds more than 10 percent of the stock in the
3 person;
4 (C) holds an equitable interest greater than 10
5 percent in the person;
6 (D) shares or will share in the profits, other
7 than stock dividends, of the person;
8 (E) participates in managing the affairs of the
9 person; or
10 (F) is an employee of the person who:
11 (i) enters or will enter a casino in this
12 state to perform a business function; or
13 (ii) is or will be in close proximity to
14 money from casino gaming;
15 (8) an employee or prospective employee, including the
16 executive director or a prospective executive director, of the
17 commission; or
18 (9) a person described under Subdivisions (1)-(8)
19 whose license is renewed under that subtitle.
20 (b) Criminal history record information obtained by the
21 Texas Gaming Commission under Subsection (a) may not be released or
22 disclosed to any person except on court order or as provided by
23 Subsection (c).
24 (c) The Texas Gaming Commission is not prohibited from
25 disclosing to the person who is the subject of the criminal history
26 record information the dates and places of arrests, offenses, and
27 dispositions contained in the criminal history record information.

1 SECTION 4. Section 47.02(c), Penal Code, is amended to read
2 as follows:

3 (c) It is a defense to prosecution under this section that
4 the actor reasonably believed that the conduct:

5 (1) was permitted under Chapter 2001, Occupations
6 Code;

7 (2) was permitted under Chapter 2002, Occupations
8 Code;

9 (3) was permitted under Chapter 2004, Occupations
10 Code;

11 (4) consisted entirely of participation in the state
12 lottery authorized by the State Lottery Act (Chapter 466,
13 Government Code);

14 (5) was permitted under Subtitle A-1, Title 13,
15 Occupations Code (Texas Racing Act); [~~or~~]

16 (6) consisted entirely of participation in a drawing
17 for the opportunity to participate in a hunting, fishing, or other
18 recreational event conducted by the Parks and Wildlife Department;
19 or

20 (7) consisted entirely of participation in an
21 authorized gambling game in a casino authorized under an
22 appropriate license issued under Subtitle E, Title 13, Occupations
23 Code.

24 SECTION 5. Section 47.06(f), Penal Code, is amended to read
25 as follows:

26 (f) It is a defense to prosecution under Subsection (a) or
27 (c) that the person owned, manufactured, transferred, or possessed

1 the gambling device, equipment, or paraphernalia for the sole
2 purpose of shipping it:

3 (1) to a casino authorized under an appropriate
4 license issued under Subtitle E, Title 13, Occupations Code, for
5 casino gaming; or

6 (2) to another jurisdiction where the possession or
7 use of the device, equipment, or paraphernalia was legal.

8 SECTION 6. Section 47.09(a), Penal Code, is amended to read
9 as follows:

10 (a) It is a defense to prosecution under this chapter that
11 the conduct:

12 (1) was authorized under:

13 (A) Chapter 2001, Occupations Code;

14 (B) Chapter 2002, Occupations Code;

15 (C) Chapter 2004, Occupations Code;

16 (D) Subtitle A-1, Title 13, Occupations Code
17 (Texas Racing Act); ~~or~~

18 (E) Chapter 280, Finance Code; or

19 (F) Subtitle E, Title 13, Occupations Code;

20 (2) consisted entirely of participation in the state
21 lottery authorized by Chapter 466, Government Code; or

22 (3) was a necessary incident to the operation of the
23 state lottery and was directly or indirectly authorized by:

24 (A) Chapter 466, Government Code;

25 (B) the lottery division of the Texas Lottery
26 Commission;

27 (C) the Texas Lottery Commission; or

1 (D) the director of the lottery division of the
2 Texas Lottery Commission.

3 SECTION 7. (a) Funds in the Texas casino gaming fund may be
4 appropriated only to the Texas Gaming Commission for the operation
5 of the commission and the administration of Subtitle E, Title 13,
6 Occupations Code, as added by this Act, for the biennium ending
7 August 31, 2023.

8 (b) Not later than January 1, 2022, the initial members of
9 the Texas Gaming Commission shall be appointed in accordance with
10 Chapter 2201, Occupations Code, as added by this Act. In making the
11 initial appointments, the governor shall designate one member to a
12 term expiring February 1, 2024, two members to terms expiring
13 February 1, 2026, and two members to terms expiring February 1,
14 2028.

15 SECTION 8. (a) The Texas Gaming Commission Legislative
16 Oversight Committee is created to facilitate the creation of the
17 Texas Gaming Commission and the assignment of powers, duties,
18 functions, programs, and activities of the commission as provided
19 by this Act.

20 (b) The committee is composed of seven members as follows:

21 (1) two members of the senate, appointed by the
22 lieutenant governor not later than December 1, 2021;

23 (2) two members of the house of representatives,
24 appointed by the speaker of the house of representatives not later
25 than December 1, 2021; and

26 (3) three members of the public, appointed by the
27 governor not later than December 1, 2021.

1 (c) Once the members of the Texas Gaming Commission have
2 been appointed and have selected an executive director, the
3 executive director of the Texas Gaming Commission shall serve as an
4 ex officio member of the committee.

5 (d) A member of the committee serves at the pleasure of the
6 appointing official.

7 (e) The lieutenant governor and the speaker of the house of
8 representatives shall alternate designating a presiding officer
9 from among their respective appointments. The speaker of the house
10 of representatives shall make the first designation.

11 (f) A member of the committee may not receive compensation
12 for serving on the committee but is entitled to reimbursement for
13 travel expenses incurred by the member while conducting the
14 business of the committee as provided by the General Appropriations
15 Act.

16 (g) The committee shall:

17 (1) facilitate the assignment of powers, duties,
18 functions, programs, and activities of the Texas Gaming Commission
19 as provided by this Act;

20 (2) adopt an initial training program to meet the
21 requirements of Section 2201.058, Occupations Code, as added by
22 this Act, to train the initial appointees of the Texas Gaming
23 Commission;

24 (3) with assistance from the Texas Gaming Commission,
25 advise the executive director and members of the Texas Gaming
26 Commission concerning the powers, duties, functions, programs, and
27 activities established under this Act and the funds and obligations

1 that are related to the powers, duties, functions, programs, or
2 activities;

3 (4) meet at the call of the presiding officer;

4 (5) research, take public testimony, and issue reports
5 on other appropriate issues or specific issues requested by the
6 lieutenant governor, speaker of the house of representatives, or
7 governor; and

8 (6) review specific recommendations for legislation
9 proposed by the Texas Gaming Commission or the other agencies.

10 (h) The committee may request reports and other information
11 from the Texas Gaming Commission, other state agencies, and the
12 attorney general relating to gaming in this state and other
13 appropriate issues.

14 (i) The committee shall use existing staff of the senate,
15 the house of representatives, and the Texas Legislative Council to
16 assist the committee in performing its duties under this section.

17 (j) Chapter 551, Government Code, applies to the committee.

18 (k) The committee shall report to the governor, lieutenant
19 governor, and speaker of the house of representatives not later
20 than November 15 of each even-numbered year. The report must
21 include:

22 (1) identification of significant issues within
23 gaming regulation, with recommendations for action;

24 (2) an analysis of the effectiveness and efficiency of
25 gaming regulation, with recommendations for any necessary
26 research; and

27 (3) recommendations for legislative action.

1 SECTION 9. (a) The assignment of powers, duties,
2 functions, programs, and activities of the Texas Gaming Commission
3 must be accomplished in accordance with a schedule included in a
4 work plan developed by the executive director and members of the
5 Texas Gaming Commission and submitted to the governor and the
6 Legislative Budget Board not later than September 1, 2022. The
7 executive director and commission members shall provide to the
8 governor and the Legislative Budget Board work plan status reports
9 and updates on at least a quarterly basis following submission of
10 the initial work plan. The work plan must be made available to the
11 public.

12 (b) Not later than March 1, 2022, the Texas Gaming
13 Commission shall hold a public hearing and accept public comment
14 regarding the work plan required to be developed by the executive
15 director and members of the Texas Gaming Commission under this
16 section.

17 (c) In developing the work plan, the executive director and
18 members of the Texas Gaming Commission shall hold public hearings
19 in various geographic areas in this state before submitting the
20 plan to the governor and the Legislative Budget Board as required by
21 this section.

22 (d) The Texas Gaming Commission shall implement the powers,
23 duties, functions, programs, and activities assigned to the
24 commission under this Act in accordance with a work plan designed by
25 the commission to ensure that the implementation of gaming
26 regulation under this Act is accomplished in a careful and
27 deliberative manner.

1 (e) A work plan designed by the commission under this
2 section must include the following phases:

3 (1) a planning phase, during which the commission will
4 focus on and stabilize the organization of the agency's powers,
5 duties, functions, programs, and activities, and which must
6 include:

7 (A) initiation of recommendations made by the
8 Texas Gaming Commission Legislative Oversight Committee;

9 (B) creation of interagency and intra-agency
10 steering committees;

11 (C) development of global visions, goals, and
12 organizational strategies; and

13 (D) development of communications and risk
14 management plans;

15 (2) an integration phase, during which the commission
16 will identify opportunities and problems and design customized
17 solutions for those problems, and which must include:

18 (A) identification of key issues related to costs
19 or legal requirements for other commission activities;

20 (B) planning for daily operations; and

21 (C) validation of fiscal and program synergies;

22 (3) an optimization phase, during which the commission
23 will complete and expand on the initial transitions, and which must
24 include:

25 (A) optimization of initial implementation
26 initiatives;

27 (B) use of enterprise teaming operations;

1 (C) building infrastructures to support and
2 facilitate changes in gaming regulation and oversight; and

3 (D) identification and use of beneficial assets
4 management and facilities approaches; and

5 (4) a transformation phase, during which the
6 commission will continue implementing initial and additional
7 changes in gaming regulation and oversight, and which must include
8 implementation of changes in agency management activities.

9 SECTION 10. As soon as practicable after the constitutional
10 amendment to authorize casino gaming in this state proposed by the
11 87th Legislature, Regular Session, 2021, is approved by the voters
12 and becomes effective, the Texas Gaming Commission shall adopt the
13 rules necessary to implement that gaming in accordance with Chapter
14 2202, Occupations Code, as added by this Act.

15 SECTION 11. This Act takes effect on the date the amendment
16 proposed by the 87th Legislature, Regular Session, 2021, to foster
17 economic development and job growth and to provide tax relief and
18 funding for education and public safety by creating the Texas
19 Gaming Commission, authorizing casino gaming at a limited number of
20 destination resorts and facilities licensed by the commission, and
21 authorizing sports wagering is approved by the voters. If that
22 amendment is not approved by the voters, this Act has no effect.