

## **BILL ANALYSIS**

C.S.H.B. 2443

By: Flores

Licensing & Administrative Procedures  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, there is no authorization of satellite bingo games. Since the creation of the Texas Lottery, charitable bingo in Texas has suffered declining profits. In 1996, a Senate interim committee conducted an extensive study on the operation and regulation of charitable bingo. While many of the committee's recommendations were implemented through the passage of H.B. 2086 by the 75th Legislature, several items were not addressed.

CSHB 2443 sets forth regulations governing satellite bingo. This substitute requires a person to obtain a satellite bingo service provider's license in order to provide satellite bingo services. This substitute sets forth the licensing requirements relating to application information, application fees, and bonding.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 2 (Section 2001.421 (b), Occupations Code) and in SECTION 3 (Section 2001.108 (h), Occupations Code) of this bill.

### **ANALYSIS**

SECTION 1. Section 2001.002, Occupations Code, is amended by adding Subdivision (29) to define "satellite bingo game."

SECTION 2. Amends Subchapter I, Chapter 2001, Occupations Code, by adding Section 2001.421 as follows:

Sec. 2001.421 REGULATION OF SATELLITE BINGO. (a) Provides that Sections 2001.402 and 2001.420 do not apply to a satellite bingo game.

(b) Authorizes the Texas Lottery Commission (commission), by rule, to exempt a satellite bingo game or a person conducting or participating in a satellite bingo game or who holds a license under this chapter from any other provision of this chapter, if the commission determines the exemption is necessary to facilitate the operation and administration of satellite bingo games.

SECTION 3. Amends Subchapter C, Chapter 2001, Occupations Code, by adding Section 2001.108 as follows:

Sec. 2001.108. SATELLITE BINGO SERVICE PROVIDER'S LICENSE. (a) Provides that a person must obtain a satellite bingo service provider's license from the commission in order to provide satellite bingo services for the use of licensed authorized organizations.

(b) Provides that an applicant for a license under this section must file with the commission a written application which includes specified information.

(c) Provides that a person is not eligible for a license under this section if the person has been convicted of specified crimes within the last 10 years or the person is an owner, officer, or director of a holder of a commercial lessor, manufacturer or distributor licensed under this Act.

(d) Establishes that the fee for a satellite bingo service provider's license is \$5,000 plus any cost incurred

to conduct the criminal background checks.

(e) Requires the revocation of a license for a satellite bingo service provider if any disqualifications under this section occur within the license period.

(f) Authorizes a satellite bingo service provider to purchase goods or services from a licensed manufacturer.

(g) Authorizes the commission, upon receiving a complaint, to inspect the satellite bingo service provider's services. Requires the satellite bingo service provider to provide to the commission any information requested that relates to the complaint. Requires the executive director of the bingo division of the commission to establish procedures for investigating and resolving complaints against a satellite bingo service provider.

(h) Requires a satellite bingo service provider to be bonded in the amount established by rule of the commission that is not less than \$50,000 or more than \$250,000.

(i) Requires a satellite bingo service provider to establish a bank account and requires the provider to deposit all proceeds from each satellite bingo game, less any prizes paid. Authorizes disbursement from the satellite bingo bank account for payment of prizes; payment of taxes and fees on prizes; allocation payments to participating licensed authorized organizations; payments for facility access fees; and payments to a satellite bingo service provider for operating costs.

(j) Requires allocation payments to a licensed authorized organization participating in satellite bingo to be made monthly. Requires that an organization receive a portion of the satellite bingo proceeds and specifies the formula for computing the portion that an organization receives.

(k) The substitute also requires the satellite bingo provider to pay a facility access fee of not less than 5 percent of revenue at the facility to cover the costs for installing satellite equipment.

SECTION 4. Amends Subchapter K, Chapter 2001, Occupations Code, by adding Section 2001.516 as follows:

Sec. 2001.516. FEES ON SATELLITE BINGO GAME. (a) Provides that Sections 2001.502, 2001.503, and 2001.504 of this Act do not apply to a satellite bingo game.

(b) Requires a satellite bingo service provider to collect a fee from a person who wins a prize in a game for which the provider provides services.

(c) Provides that the fee imposed by this section is 10 percent of the prize value.

(d) Requires the commission to use the revenue collected to offset the cost of administering the provisions of this Act in the regulation of satellite bingo games and to transfer any remaining revenue to the comptroller.

### **EFFECTIVE DATE**

October 1, 2003

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute differs from the original in that it defines "satellite bingo game" in subdivision (29) rather than in subdivision (30). Also that the substitute in delegating rulemaking authority in Section 2001.421(b) changes the qualifying provision to the chapter, versus the Act in the original version.

The substitute also adds manufacturers and distributors to the list of occupations not eligible for a license under this section if they have committed a crime. The substitute also changes the body responsible for procedures for investigating and resolving complaints from the executive director of the bingo division in the original to the commission in the substitute.

The substitute changes the percentage (not less than 25% from 17.5%) total payments made to participating licensed authorized organizations for a month. The substitute also requires the satellite bingo provider to pay a facility access fee of not less than 5 percent of revenue at the facility to cover the costs for installing satellite equipment.

The substitute deletes subsection (e) in the original which required the comptroller to established a fund for support and maintenance of a veterans cemetery system until the fund reaches \$50 million after which revenue will be transferred to general revenue fund.