

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 270
By: Jackson
Government Organization
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Committee Report (Substituted)

DIGEST AND PURPOSE

In 1991, Texas voters approved a constitutional amendment authorizing a state lottery. In 1993, the Texas Legislature created the Texas Lottery Commission (lottery commission) to assume the administration of the lottery and also transferred the administration of the Bingo Enabling Act to the new agency. Today, the lottery commission administers and markets the state lottery and regulates the charitable bingo industry through licensing and enforcement. C.S.S.B. 270 continues the Texas Lottery Commission for the standard 12-year period until September 1, 2015.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Lottery Commission in SECTION 3 (Section 466.1005, Government Code), SECTION 5 (Section 466.158, Government Code), SECTION 13 (Section 467.112, Government Code), SECTION 17 (Section 201.0555, Occupations Code), SECTION 20 (Section 2001.101, Occupations Code), SECTION 30 (Section 2001.3015, Occupations Code), SECTION 32 (Section 2001.314, Occupations Code), SECTION 33 (Section 2001.351, Occupations Code), SECTION 34 (Section 2001.355, Occupations Code), SECTION 41 (Sections 2001.437 and 2001.439, Occupations Code), SECTION 42 (Section 2001.451, Occupations Code), and SECTION 48 (Section 2001.6015, Occupations Code).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 466.014, Government Code, by adding Subsection (d) to require a contract between the division and a lottery operator under Subsection (b) to contain a provision allowing the contract to be terminated without penalty if the division is abolished.

SECTION 2. Amends Subchapter B, Chapter 466, Government Code, by adding Section 466.026, as follows:

Sec. 466.026. **COMPREHENSIVE BUSINESS PLAN.** (a) Requires the Texas Lottery Commission (lottery commission) to develop a comprehensive business plan to guide its major initiatives. Requires the plan to include certain information.

(b) Requires lottery to at least annually review the comprehensive business plan to assess the overall performance and value of each program and project.

SECTION 3. Amends Subchapter C, Chapter 466, Government Code, by adding Section 466.1005, as follows:

Sec. 466.1005. **PROCUREMENTS.** (a) Authorizes the lottery commission to purchase or lease facilities, goods, and services and to make any purchases, leases, or contracts, necessary for carrying out the purpose of this chapter.

(b) Requires the lottery commission to review and to approve all major procurements as provided by lottery rule. Requires lottery by rule to establish a procedure to determine what constitutes a major procurement based on the cumulative value of a contract and other relevant factors.

(c) Authorizes the lottery commission to delegate to the executive director the authority to approve procurements other than major procurements.

SECTION 4. Amends Sections 466.101(a) and (b), Government Code, to add new language to existing text to add the lottery commission to certain actions and decisions which are currently the sole responsibility of the executive director.

SECTION 5. Amends Section 466.158, Government Code, by adding Subsections (d)-(f), as follows:

(d) Requires the lottery commission, in making a determination whether to renew a license, to consider the compliance history of a license holder. Requires the lottery commission to adopt rules to govern the specific areas of compliance history that may be considered in the renewal determination.

(e) Authorizes the lottery commission, after an opportunity for a hearing, to deny an application for renewal of a license if the applicant's compliance history reveals conduct that is inconsistent with this chapter or the commission's rules adopted under this chapter in the specific areas considered in accordance with the rules adopted under Subsection (d).

(f) Authorizes the lottery commission by rule to adopt a system under which licenses expire on various dates during the year. Requires the lottery commission, for the year in which the license expiration date is changed, to prorate license fees on a monthly basis so that each license holder pays only that portion of the license fee that is allocable to the number of months during which the license is valid. Provides that on renewal of the license on the new expiration date, the total license renewal fee is payable.

SECTION 6. Amends Section 467.002, Government Code, to continue the Texas Lottery Commission for the standard 12-year period until September 1, 2015.

SECTION 7. Amends Sections 467.021(a) and (b), Government Code, as follows:

(a) Provides that the lottery commission is composed of five, rather than three, members.

(b) Requires appointments to the lottery commission be made without regard to certain factors.

SECTION 8. Amends Section 467.022, Government Code, to make a conforming change.

SECTION 9. Amends Section 467.024, Government Code, by adding Subsections (c) and (d) as follows:

(c) Provides that a person may not be a lottery employee employed "in a bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), and its subsequent amendments, if certain criteria are met.

(d) Provides that a person may not act as the general counsel to the lottery if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the lottery.

SECTION 10. Amends Subchapter B, Chapter 467, Government Code, by adding Section 467.0255, as follows:

Sec. 467.0255. TRAINING. (a) Provides that a person who is appointed to and qualifies for office as a member of the lottery commission may not vote, deliberate, or be counted as a member in attendance at a meeting of the lottery commission until the

person completes a training program that complies with this section.

(b) Requires the training program to provide the person with certain information.

(c) Provides that a person appointed to the lottery commission is entitled to reimbursement, as provided by the General Appropriations Act, for travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

SECTION 11. Amends Sections 467.026(a) and (c), Government Code, to provide the grounds for removal of a commission member.

(c) Requires the executive director, if he or she has knowledge that a potential ground for removal exists, to notify the presiding officer of the lottery commission of the potential ground. Requires the presiding officer to then notify the governor and the attorney general that a potential ground for removal exists. Requires the executive director, if the potential ground for removal involves the presiding officer, to notify the next highest ranking officer of the lottery commission, who is required to then notify the governor and the attorney general that a potential ground for removal exists.

SECTION 12. Amends Subchapter B, Chapter 467, Government Code, by adding Sections 467.037-467.040, as follows:

Sec. 467.037. DIVISION OF RESPONSIBILITIES. Requires the lottery commission to develop and implement policies that clearly separate the policymaking responsibilities of the commission and the management responsibilities of the executive director and the staff of the lottery commission.

Sec. 467.038. EQUAL EMPLOYMENT OPPORTUNITY POLICY; REPORT. (a) Requires the executive director or the executive director's designee to prepare and maintain a written policy statement that implements a program of equal employment opportunity to ensure that all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin.

(b) Requires the policy to include certain information.

(c) Requires the policy statement to be updated annually, be reviewed by the state Commission on Human Rights for compliance with Subsection (b)(1), and be filed with the governor's office.

Sec. 467.039. REQUIREMENTS AND STANDARDS OF CONDUCT INFORMATION. Updates standard Sunset language regarding requirements and standards of conduct.

Sec. 467.040. STATE EMPLOYEE INCENTIVE PROGRAM INFORMATION. Requires the executive director or the executive director's designee to provide to lottery employees information and training on the benefits and methods of participation in the state employee incentive program.

SECTION 13. Amends Subchapter Chapter 467, Government Code, by adding Sections 467.109-467.112, as follows:

Sec. 467.109. TECHNOLOGY POLICY. Requires the lottery commission to develop and implement a policy requiring the executive director and lottery employees to research and propose appropriate technological solutions to improve the ability to perform lottery functions. Requires the technological solutions to ensure that certain services are provided.

Sec. 467.110. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE

RESOLUTION. (a) Requires the lottery commission to develop and implement a policy to encourage the use of certain rulemaking and alternative dispute resolution procedures.

(b) Requires the lottery commission's procedures relating to alternative dispute resolution to conform to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) Requires the lottery commission to designate a trained person to perform certain functions.

Sec. 467.111. PUBLIC PARTICIPATION. Requires the lottery commission to develop and implement policies that provide the public with a reasonable opportunity to appear before lottery and to speak on any issue under the jurisdiction of the commission.

Sec. 467.112. COMPLAINTS. (a) Requires the lottery commission to maintain a file on each written complaint filed with the commission. Requires the file to include certain information.

(b) Requires the lottery commission to provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the commission's policies and procedures relating to complaint investigation and resolution.

(c) Requires the lottery commission, at least quarterly until final disposition of the complaint, to notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation.

(d) Requires the lottery commission to publish procedures covering the entire complaint process from submission to disposition.

(e) Requires the lottery commission by rule to require an investigation related to a complaint to be completed within a reasonable time.

(f) Requires the lottery commission to analyze the complaints filed with the board to identify any trends or issues related to certain violations.

SECTION 14. Amends Section 2001.051(b), Occupations Code, to provide that the lottery commission has broad authority and to require the lottery commission to exercise strict control and close supervision over all bingo conducted in this state so that bingo is fairly conducted and the proceeds derived from bingo are used for an authorized purpose. Provides that the lottery commission does not have regulatory authority over certain matters.

SECTION 15. Amends Section 2001.053, Occupations Code, to prohibit an officer or investigator employed by the lottery commission from carrying a firearm or badge and wearing a hat, uniform, or other clothing with any type of insignia indicating the officer's or investigator's official position, while conducting a routine inspection of bingo premises or a business office of a licensed authorized organization.

Creates Subsection (a) from existing text.

SECTION 16. Amends Section 2001.055, Occupation Code, to require the lottery commission, to the extent consistent with this chapter, to support the efforts of licensed authorized organizations to develop and offer new types of bingo games and to apply new technology to bingo games.

Creates Subsection (a) from existing text.

SECTION 17. Amends Subchapter B, Chapter 2001, Occupations Code, by adding Section

2001.0555, as follows:

Sec. 2001.0555. COMPLIANCE MONITORING. Requires the lottery commission to adopt rules to govern its monitoring of a license holder to determine if the license holder is in compliance with this chapter or rules adopted under this chapter. Requires the rules at a minimum to address audits and inspections and other compliance and enforcement activities.

SECTION 18. Amends Section 2001.057, Occupations Code, by adding Subsections (h) and (i), as follows:

(h) Requires the Bingo Advisory Committee (committee) to annually develop a work plan detailing the committee's objectives and the issues to be addressed by the committee during the year. Requires the plan to perform certain tasks.

(i) Requires the committee to perform a review at the end of each year to perform certain functions.

SECTION 19. Amends Subchapter B, Chapter 2001, Occupations Code, by adding Section 2001.059, as follows:

Sec. 2001.059. ADVISORY OPINIONS. (a) Authorizes a person to request from the director of the bingo division an advisory opinion regarding compliance with this chapter and the rules of the policy board.

(b) Requires the director of the bingo division to respond to a request under Subsection (a) not later than the 30th day after the date a request is received, unless the director determines that the request does not contain sufficient facts to provide an answer on which the requestor may rely. Requires the director, in that event, to request additional information from the requestor not later than the 10th day after the date the request is received. Requires the director, if the director requests additional information, to respond to the request not later than the 30th day after the date additional information is received pursuant to the request for additional information.

(c) Authorizes a person who requests an advisory opinion under Subsection (a) to act in reliance on the opinion in the conduct of any activity under any license issued under this chapter if the conduct is substantially consistent with the opinion and the facts stated in the request.

SECTION 20. Amends Section 2001.101, Occupations Code, to authorize the lottery commission to license an authorized organization to conduct bingo if the organization has been in existence for the time required by commission rule. Deletes provisions requiring various organizations to have been in existence varying lengths of time.

SECTION 21. Amends Section 2001.103(d), Occupations Code, to provide that an organization operating under a temporary license is subject to the standard licensing oversight of the lottery commission, including audits and inspections.

SECTION 22. Amends Section 2001.104, Occupations Code, by adding Subsection (d) to require an applicant to pay the fees established under Subsection (a) annually. Authorizes an applicant for a license or renewal of a license to obtain a license that is effective for two years by paying an amount equal to two times the amount of the annual license fee plus \$25.

SECTION 23. Amends Section 2001.105, Occupations Code, by adding Subsection (c), to provide that except as provided by Section 2001.104(d), a license issued under this subchapter is effective for one year.

SECTION 24. Amends Subchapter C, Chapter 2001, Occupations Code, by adding Section

2001.108, as follows:

Sec. 2001.108. LICENSE AMENDMENT FOR CHANGE OF BINGO PREMISES OR OCCASIONS. (a) Authorizes a licensed authorized organization and the licensed commercial lessor at which the organization conducts or will conduct bingo to file a joint application with the lottery commission to change the premises at which the organization may conduct bingo or the times of the organization's bingo occasions to allow the organization to conduct bingo at the same time and premises that another licensed authorized organization is licensed to conduct bingo, if the other organization has ceased, or will cease, conducting bingo at that time and premises. Requires the application to state whether the other organization has ceased conducting bingo at that time and premises because of certain conditions.

(b) Requires the lottery commission, if the other organization ceased or will cease conducting bingo for the reason stated in Subsection (a)(1), to act on the joint application filed under Subsection (a) not later than the 10th day after the date the application is filed with the lottery commission.

(c) Requires the lottery commission, if the other organization ceased or will cease conducting bingo for the reason stated in Subsection (a)(2), to act on the joint application not later than the 10th day after the date the application is filed with the lottery commission or the date on which the termination takes effect, whichever is later.

(d) Authorizes the licensed authorized organization, if the lottery commission fails to act within the time provided by Subsection (b) or (c), to act as if the change in premises or bingo occasions has been approved by the lottery commission and to conduct bingo at the new premises or during the new bingo occasion until the lottery commission acts on the application.

(e) Authorizes the lottery commission, notwithstanding Subsection (d), to issue temporary licenses to one or more licensed authorized organizations that conduct bingo at the same location as an organization that has or will cease to conduct bingo, which are in addition to the number of temporary licenses each organization is entitled to under another provision of this chapter. Provides that the lottery commission is not required to act on a joint application under Subsection (a) within the time provided by this section for the additional temporary licenses if the number of additional temporary licenses is sufficient to allow the other organization to conduct bingo during the licensed times of the organization that has or will cease to conduct bingo.

SECTION 25. Amends Section 2001.152(a), Occupations Code, to authorize the lottery commission to issue a commercial lessor license to certain individuals. Deletes Subdivision (2).

SECTION 26. Amends Section 2001.158, Occupations Code, by adding Subsection (d) to require an applicant for a commercial lessor license to pay the fees established under Subsection (a) annually. Authorizes an applicant for a license or renewal of a license to obtain a license that is effective for two years by paying an amount equal to two times the amount of the annual license fees plus \$25.

SECTION 27. Amends Section 2001.159(c), Occupations Code, to prohibit the commercial lessor license period, except as provided by Section 2001.158(d), from exceeding one year.

SECTION 28. Amends Section 2001.214, Occupations Code, as follows:

(a) Makes a conforming change.

(b) Authorizes a manufacturer or distributor to obtain a license that is effective for two years by paying an amount equal to two times the amount of the annual license fee plus

\$1,000.

SECTION 29. Amends Section 2001.218(a), Occupations Code, to add “or lease” to existing text relating to a sale of bingo supplies or equipment.

SECTION 30. Amends Subchapter G, Chapter 2001, Occupations Code, by adding Section 2001.3015, as follows:

Sec. 2001.3015. LICENSING RULES. Requires the lottery commission by rule to perform certain tasks.

SECTION 31. Amends Section 2001.307, Occupations Code, to make a conforming change.

SECTION 32. Amends Subchapter G, Chapter 2001, Occupations Code, by adding Sections 2001.313 and 2001.314, as follows:

Sec. 2001.313. REGISTRY OF APPROVED BINGO WORKERS. (a) Requires the lottery commission, to minimize duplicate criminal history background checks by the lottery commission and the costs incurred by organizations and individuals, to maintain a registry of persons on whom the lottery commission has conducted a criminal history background check and who are approved to be involved in the conduct of bingo or to act as a bingo operator.

(b) Authorizes a person listed in the registry to be involved in the conduct of bingo or act as an operator at any location at which bingo is lawfully conducted.

(c) Requires the lottery commission to make the registry information available to the public by publishing it on the lottery commission’s website and by responding to telephone, e-mail, and facsimile requests. Provides that this subsection does not require the lottery commission to disclose information that is confidential by law.

Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO WORKER. (a) Authorizes the lottery commission to require a person listed in the registry maintained under Section 2001.313 to wear an identification card to identify the person to license holders, bingo players, and lottery commission staff while the person is on duty during the conduct of bingo. Requires the lottery commission by rule to prescribe the form and content of the card.

(b) Authorizes the lottery commission to provide the identification card or to provide a form to be completed by a person that allows the person to prepare the identification card. Authorizes the lottery commission to collect a reasonable charge to cover the cost of providing the card or form.

(c) Provides that a person is not required to obtain the identification card or form from the lottery commission, but is authorized to obtain a substantially identical card or form from another source.

(d) Requires an identification card required by the lottery commission under this section to be worn by a person while on duty during the conduct of bingo to be in substantial compliance with the form and content requirements prescribed by the lottery commission under this section.

(e) Prohibits the lottery commission from requiring any other person licensed under this chapter, or a person acting on the license holder’s behalf, to wear an identification card, whether or not the person is present or performing the person’s duties during the conduct of bingo.

SECTION 33. Amends Section 2001.351, Occupations Code, as follows:

(b) Requires the lottery commission, in making a determination whether to renew a license, to consider the compliance history of a license holder. Requires the lottery commission to adopt rules to govern the specific areas of compliance history that may be considered in the renewal determination.

(c) Authorizes the lottery commission, after an opportunity for a hearing, to deny an application for renewal of a license if the applicant's compliance history reveals conduct that is inconsistent with this chapter or the commission's rules adopted under this chapter in the specific areas in accordance with the rules adopted under Subsection (b).

SECTION 34. Amends Section 2001.355, Occupations Code, by amending Subsection (b) and adding Subsection (d), as follows:

(b) Adds new language to existing text regarding the temporary suspension of a license.

(d) Requires the lottery to adopt rules to govern the temporary suspension of a license under this section.

SECTION 35. Amends Section 2001.406(a), Occupations Code, to delete current language from existing text related to the rent charged by a licensed commercial lessor.

SECTION 36. Amends Section 2001.411, Occupations Code, by adding Subsection (e) to prohibit the lottery commission from prohibiting an operator responsible for conducting, promoting, or administering bingo from acting as a bingo caller for a licensed authorized organization during a bingo occasion. Provides that this subsection does not relieve the operator of the duty to be available to a lottery commission employee or bingo player if required by this chapter.

SECTION 37. Amends Subchapter I, Chapter 2001, Occupations Code, by adding Section 2001.4115, as follows:

Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO EMPLOYEES. Authorizes two or more licensed authorized organizations conducting bingo at the same premises to jointly hire bingo employees. Authorizes one organization to act as the employee's employer and the other organization to reimburse the employing organization for the other organization's share of the employee's compensation and other employment-related costs. Provides that a reimbursement under this section is an authorized expense and must be made from the bingo account of the reimbursing organization.

SECTION 38. Amends Section 2001.413, Occupations Code, to make a conforming change.

SECTION 39. Amends Section 2001.415, Occupations Code, to add a licensed commercial lessor to existing text relating to bingo advertisements.

SECTION 40. Amends Subchapter I, Chapter 2001, Occupations Code, by adding Section 2001.4155, as follows:

Sec. 2001.4155. GIFT CERTIFICATES. (a) Provides that nothing in this chapter prohibits a licensed authorized organization or licensed commercial lessor from distributing or accepting a gift certificate that entitles the bearer of the certificate to enter bingo premises or to play a bingo game, including instant bingo.

(b) Requires a licensed authorized organization or licensed commercial lessor that distributes or accepts a gift certificate to keep adequate records relating to the gift certificate as provided by lottery commission rule.

SECTION 41. Amends Chapter 2001, Occupations Code, by adding Subchapter I-1, as follows:

SUBCHAPTER I-1. UNIT ACCOUNTING

Sec. 2001.431. DEFINITIONS. Defines “unit,” “unit accounting,” “unit accounting agreement,” and “unit manager.”

Sec. 2001.432. FORMING ACCOUNTING UNIT. (a) Authorizes two or more licensed authorized organizations to form and operate a unit as provided by this subchapter by meeting certain conditions.

(b) Authorizes more than one unit to be formed at a single location. Prohibits a licensed authorized organization from being a member of more than one unit.

(c) Provides that this subchapter does not require a licensed authorized organization to join a unit. Provides that except as provide by Subsection (d), whether to join or withdraw from a unit is at the discretion of each licensed authorized organization.

(d) Authorizes the members of a unit to determine whether to allow another licensed authorized organization to join the unit. Provides that the terms of the withdrawal of a member from the unit are governed by the unit agreement.

Sec. 2001.433. APPLICABILITY OF CHAPTER. Provides that a licensed authorized organization that uses unit accounting is subject to the other provisions of this chapter to the extent the provisions are applicable and are not inconsistent with this subchapter.

Sec. 2001.434. CONDUCT OF BINGO. (a) Requires each licensed authorized organization that is a member of a unit to conduct its bingo games separately from the bingo games of the other members of the unit.

(b) Authorizes a unit to purchase or lease bingo supplies and equipment in the same manner as a licensed authorized organization.

(c) Authorizes a licensed distributor to sell or lease bingo supplies or equipment to a unit in the same manner as the distributor sells or leases bingo supplies and equipment to a licensed authorized organization.

Sec. 2001.435. UNIT ACCOUNTING. (a) Requires and authorizes a unit to perform certain tasks.

(b) Requires each member of a unit to deposit into the unit’s bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes under Sections 2001.420(a) and (b). Requires the deposit to be made not later than the next business day after the day of the bingo occasion on which the receipts were obtained.

(c) Requires all authorized expenses and distributions of the unit and its members to be paid from the unit’s bingo checking account.

Sec. 2001.436. DISBURSEMENT OF FUNDS BY DISSOLVED UNIT. (a) Provides that Sections 2001.457(a) and (b) apply to a unit formed under this subchapter. Requires the requirements of Sections 2001.457(a) and (b) that are applicable to a licensed authorized organization, for purposes of this subchapter, to be applied to a unit.

(b) Requires a unit that has dissolved for any reason and has unexpended bingo funds to disburse those funds to the bingo account of each member of the unit before the end of the next calendar quarter after the calendar quarter in which the unit dissolves.

(c) Defines “adjusted gross receipts” and “cost of goods purchased by a unit” for the purposes of the application of Sections 2001.457(a) and (b) to a unit under this section.

Sec. 2001.437. UNIT MANAGER; LICENSE. (a) Provides that the unit manger is responsible for certain tasks, if the unit accounting agreement of a unit states that a unit manager is responsible for compliance with lottery commission rules and this chapter.

(b) Requires a unit with a unit manager to notify the lottery commission of the name of the unit manager and immediately notify the lottery commission of any change of unit manager.

(c) Prohibits a person from providing services as a unit manager to licensed authorized organizations that form a unit unless the person holds a unit manger license under this subchapter. Provides that a person designated as an agent under Section 2001.438(b) is not a unit manager on account of that designation for purposes of this section.

(d) Requires an applicant for a unit manager license to file with the lottery commission a written application on a form prescribed by the lottery commission that includes certain information.

(e) Requires the lottery commission by rule to establish an annual license fee for a unit manager license in an amount reasonable to defray administrative costs plus any costs incurred to conduct a criminal background check.

(f) Requires a person who holds a unit manager license to post a bond or other security pursuant to Section 2001.514.

(g) Provides that a person is not eligible for a unit manager license under this subchapter if the person, or any officer, director, or employee of the person meets certain criteria.

(h) Requires a unit manager to complete the training required by Section 2001.107.

Sec. 2001.438. AGREEMENT WITHOUT UNIT MANAGER. (a) Provides that this section applies to a unit if the unit accounting agreement for the unit meets certain criteria.

(b) Requires the unit to designate with the lottery commission an agent who will be responsible for providing the lottery commission access to all inventory and financial records of the unit on request of the lottery commission.

(c) Prohibits the agent designated under Subsection (b) from certain factors.

(d) Requires the agent to immediately notify the lottery commission of any change in the agent designated under Subsection (b).

(e) Requires the designated agent to complete the training required by Section 2001.107.

(f) Requires each licensed authorized organization that is a member of the unit to be jointly and severally liable for certain factors.

(g) Authorizes each licensed authorized organization that is a member of the unit to be made a party to any administrative or judicial action relating to the enforcement of this subchapter or lottery commission rules related to the operations of the unit.

Sec. 2001.439. TRUST AGREEMENT. (a) Authorizes a unit, notwithstanding any other provision of this subchapter, to be formed pursuant to a trust agreement between two or more licensed authorized organizations that conduct bingo at the same location. Requires the agreement to meet certain standards.

(b) Authorizes the lottery commission by rule to prohibit a person from serving as a unit manager or as a designated agent for a unit that does not use a unit manager if the person has failed to comply with the duties required of the person as a unit manager or designated agent.

(c) Authorizes the lottery commission to prohibit a person who serves as a designated agent that is listed on a license under this chapter, including having been approved by the lottery commission to work in the bingo operations of a licensed authorized organization or as an operator, from holding or being listed on any license or from being approved to work in the bingo operations of any licensed authorized organization or to serve as an operator if the person has failed to comply with the duties required of the person as a unit manager or designated agent.

SECTION 42. Amends Section 2001.451, Occupations Code, by amending Subsection (b) and adding Subsections (b-1) and (g)-(k), as follows:

(b) Makes a conforming change.

(b-1) Authorizes a licensed authorized organization to deposit funds derived from the conduct of bingo that are paid through a debit card transaction in the bingo fund not later than 72 hours after the transaction.

(g) Requires the lottery commission to adopt rules to allow a licensed authorized organization to retain a maximum amount, which must be at least equal to the organization's average daily bingo expenses over the preceding four quarters multiplied by 180 but not more than \$50,000, as operating capital in the organization's bingo account.

(h) Requires a licensed authorized organization's bingo operations to result in net proceeds being earned by the organization over the organization's licensing period.

(i) Provides that notwithstanding Subsection (g) certain conditions apply.

(j) Authorizes a licensed authorized organization to apply for and the lottery commission to grant approval of a waiver of the requirements of Subsection (i)(1) or Section 2001.457 if the organization establishes good cause why complying with the requirements will work to the detriment of the existing or planned charitable purposes of the organization.

(k) Provides that this subsection and Subsections (i) and (j) expire September 1, 2006.

SECTION 43. Amends Section 2001.454, Occupations Code, as follows:

(a) Requires a licensed authorized organization to devote to the charitable purpose of the organization its net proceeds of bingo and any rental of premises.

(b) Provides that except as otherwise provided by law, the net proceeds derived from bingo and any rental of premises are dedicated to the charitable purposes of the organization only if directed to a cause, deed, or activity that is consistent with the federal tax exemption under which the organization qualifies as a nonprofit organization as defined by Section 2001.002.

SECTION 44. Amends Sections 2001.457(a), (b), and (d), Occupations Code, as follows:

(a) Requires a licensed authorized organization, before the end of each quarter, to disburse for charitable purposes all of the organization's adjusted gross receipts from the preceding quarter, except for the amount that may be retained as provided by Section 2001.451(g).

(b) Requires the lottery commission to sanction a licensed authorized organization that fails to make the disbursement required by Subsection (a) or to make any disbursement for charitable purposes for a quarter. Makes conforming changes.

(d) Redefines “adjusted gross receipts.” Deletes the definition of “cost of goods purchased by an organization.”

SECTION 45. Amends Section 2001.458(a), Occupations Code, to prohibit an item of expense from being incurred or paid in connection with the conduct of bingo except an expense that is reasonable or necessary to conduct bingo, including an expense for certain factors.

SECTION 46. Amends Section 2001.459(a), Occupations Code, to require that certain items of expense incurred or paid in connection with the conduct of bingo be paid from an organization’s bingo account.

SECTION 47. Amends Section 2001.504(a), Occupations Code, to provide that a tax or fee authorized or imposed under this subchapter is due and is payable by the license holder or a person conducting bingo without a license to the lottery commission quarterly on or before the 25th, rather than 15th, day of the month succeeding each calendar year.

SECTION 48. Amends Subchapter M, Chapter 2001, Occupations Code, by adding Section 2001.6015, as follows:

Sec. 2001.6015. ADMINISTRATIVE PENALTY SCHEDULE; TIMELINE. (a) Requires the lottery commission by rule to adopt an administrative penalty schedule to define and summarize violations of this chapter or commission rules adopted under this chapter to ensure the amounts of penalties imposed are appropriate to the violation.

(b) Requires the administrative penalties to allow certain deviations and provide certain information.

(c) Requires the lottery commission by rule to establish a timeline for the resolution of a violation of this chapter or commission rules adopted under this chapter. Requires the rules to meet certain requirements.

SECTION 49. Repealer: Section 466.003, Government Code (Application of Sunset Act), Section 2001.057 (b), Occupations Code (Bingo Advisory Committee), Section 2001.409(b), Occupations Code (Card-Minding Devices), and Section 2001.410(c), Occupations Code (Pull-Tab Dispenser).

SECTION 50. Makes application of the change in law made by this Act relating to a license issued under Chapter 2001, Occupations Code, prospective.

SECTION 51. (a) Requires the Texas Lottery Commission, not later than January 1, 2004, to adopt rules and procedures prescribed in this Act.

(b) Requires the Texas Lottery Commission, not later than January 1, 2004, to adopt a comprehensive business plan, rules and an administrative penalty schedule and timeline.

SECTION 52. (a) Makes application of the changes in law made by this Act in the prohibitions or qualifications applying to a member of the Texas Lottery Commission, prospective.

(b) Requires the governor, promptly after this Act takes effect, to appoint two additional members to the Texas Lottery Commission. Requires the governor, in appointing those members, to appoint one person to a term expiring February 1, 2007, and one to a term expiring February 1, 2009.

(c)-(e) Make application of this Act prospective.

(f) Provides that the change in law made by this Act to Section 2001.457, Occupations Code, applies to the charitable disbursements made by a licensed authorized organization beginning with disbursements for the second quarter of 2004. Provides that a charitable disbursement made by a licensed authorized organization for a quarter before the second quarter of 2004 is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 53. Effective date: September 1, 2003.