

By: Flores

H.B. No. 2441

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of amusement redemption machines.

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

SECTION 1. Chapter 2153, Occupations Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. AMUSEMENT REDEMPTION MACHINES

Sec. 2153.501. AMUSEMENT REDEMPTION MACHINE DEFINED. (a)

In this subchapter, "amusement redemption machine":

(1) means a skill or pleasure coin-operated machine that is designed, made, and adapted solely for bona fide amusement purposes, and that by operation of chance or a combination of skill and chance affords the user, in addition to any right of replay, an opportunity to receive exclusively noncash merchandise prizes, toys, or novelties, or a representation of value redeemable for those items, that have a wholesale value from a single play of the machine of not more than 10 times the amount charged to play the machine once or \$5, whichever is less; and

(2) does not include:

(A) a machine that awards the user noncash merchandise prizes, toys, or novelties solely and directly from the machine, including claw, crane, or similar machines; or

(B) a machine from which the opportunity to receive a prize or a representation of value redeemable for a prize varies depending on the user's ability to throw, roll, flip, toss,

1 hit, or drop a ball or other physical object into the machine or a  
2 part of the machine, including basketball, skeeball, golf, bowling,  
3 pusher, or similar machines.

4 (b) For purposes of this section:

5 (1) a coin-operated machine includes a machine or  
6 device operated by the payment or insertion of paper currency or any  
7 other consideration; and

8 (2) a representation of value includes a gift  
9 certificate or gift card that is presented to a merchant in exchange  
10 for merchandise.

11 Sec. 2153.502. REGULATORY AUTHORITY. (a) The comptroller  
12 shall adopt rules for regulating the exhibition, display,  
13 operation, promotion, and use of amusement redemption machines.

14 (b) Nothing in this chapter limits the authority of a  
15 political subdivision of this state to regulate the location of  
16 amusement redemption machines as permitted by Section 2153.452.

17 Sec. 2153.503. ADDITIONAL TAX PERMIT PROVISIONS APPLICABLE  
18 TO AMUSEMENT REDEMPTION MACHINES. (a) A tax permit issued for an  
19 amusement redemption machine must state the physical street address  
20 designated by the license holder when the permit is issued, and is  
21 valid only while affixed to the machine at that address.

22 (b) The rate of the occupation tax imposed under Section  
23 2153.401 for each amusement redemption machine exhibited or  
24 displayed in this state is \$120 per year instead of the rate  
25 prescribed by that section.

26 Sec. 2153.504. ADDITIONAL GENERAL BUSINESS LICENSE  
27 PROVISIONS APPLICABLE TO AMUSEMENT REDEMPTION MACHINES. (a) An

1 application for a license under Subchapter D for a person engaging  
2 in a business for which a license is required by Section 2153.151  
3 that involves amusement redemption machines must, in addition to  
4 the information required by Section 2153.153, include the physical  
5 street address at which any amusement redemption machine is or will  
6 be located.

7 (b) A license holder shall display the license at all times  
8 in a conspicuous place in each location where any amusement  
9 redemption machines are operated under the license.

10 (c) Notwithstanding Section 2153.154(a), the annual fee for  
11 a general business license issued under Subchapter B for a business  
12 that involves amusement redemption machines is \$2,000 for an  
13 applicant without regard to the number of amusement redemption  
14 machines covered by the license.

15 Sec. 2153.505. OWNER OR EXHIBITOR OF AMUSEMENT REDEMPTION  
16 MACHINES NOT EXEMPT. The exemptions provided by Section 2153.008  
17 do not apply to a person who owns or exhibits an amusement  
18 redemption machine.

19 SECTION 2. This Act takes effect immediately if it receives  
20 a vote of two-thirds of all the members elected to each house, as  
21 provided by Section 39, Article III, Texas Constitution. If this  
22 Act does not receive the vote necessary for immediate effect, this  
23 Act takes effect September 1, 2003.