

By: Flores, Raymond

H.B. No. 2519

Substitute the following for H.B. No. 2519:

By: Jones of Lubbock

C.S.H.B. No. 2519

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of bingo; imposing a tax.

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

SECTION 1. Section 2001.002, Occupations Code, is amended by amending Subdivision (5) and adding Subdivision (29) to read as follows:

(5) "Bingo equipment" means equipment used, made, or sold for the purpose of use in bingo. The term:

(A) includes:

(i) a machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;

(ii) an electronic or mechanical cardminding device;

(iii) a pull-tab dispenser;

(iv) a bingo card; ~~and~~

(v) a bingo ball; and

(vi) any other device commonly used in the direct operation of a bingo game; and

(B) does not include:

(i) a bingo game set commonly manufactured and sold as a child's game for a retail price of \$20 or less unless the set or a part of the set is used in bingo subject to regulation under this chapter; or

1 (ii) a commonly available component part of
2 bingo equipment such as a light bulb or [~~7~~] fuse [~~7~~, ~~or bingo ball~~].

3 (29) "Sale" shall only refer to the transfer of title
4 to equipment or other items from a seller to a buyer.

5 SECTION 2. Section 2001.051(b), Occupations Code, is
6 amended to read as follows:

7 (b) The commission has broad authority and shall exercise
8 strict control and close supervision over all bingo conducted in
9 this state so that bingo is fairly conducted and the proceeds
10 derived from bingo are used for an authorized purpose. The
11 commission does not have regulatory authority over:

12 (1) any matter relating to the premises, personnel, or
13 activities of an authorized commercial lessor or authorized
14 organization unless the authority is expressly granted by this
15 chapter or is necessary to administer this chapter; or

16 (2) any person engaged in a business that is not
17 subject to this chapter or to Chapter 466 or 467, Government Code.

18 SECTION 3. Section 2001.053, Occupations Code, is amended
19 to read as follows:

20 Sec. 2001.053. OFFICERS AND INVESTIGATORS. (a) The
21 commission may employ officers or investigators the commission
22 considers necessary to administer this chapter.

23 (b) An officer or investigator employed by the commission
24 may not carry a firearm or badge and may not wear a hat, uniform, or
25 other clothing with any type of insignia indicating the officer's
26 or investigator's official position, while conducting a routine
27 inspection of bingo premises or a business office of a licensed

1 authorized organization.

2 SECTION 4. Section 2001.055, Occupations Code, is amended
3 to read as follows:

4 Sec. 2001.055. REGULATION OF GAMES. (a) The commission by
5 rule may establish the number and type of bingo games that may be
6 played during a bingo occasion.

7 (b) The commission, to the extent consistent with this
8 chapter, shall support the efforts of licensed authorized
9 organizations to develop and offer new types of bingo games and to
10 apply new technology to bingo games.

11 SECTION 5. Subchapter B, Chapter 2001, Occupations Code, is
12 amended by adding Section 2001.059 to read as follows:

13 Sec. 2001.059. ADVISORY OPINIONS. (a) A person may request
14 from the director of the bingo division an advisory opinion
15 regarding compliance with this chapter and the rules of the policy
16 board.

17 (b) The director of the bingo division shall respond to a
18 request under Subsection (a) not later than the 30th day after the
19 date a request is received, unless the director determines that the
20 request does not contain sufficient facts to provide an answer on
21 which the requestor may rely. In that event, the director shall
22 request additional information from the requestor not later than
23 the 10th day after the date the request is received. If the
24 director requests additional information, the director shall
25 respond to the request not later than the 30th day after the date
26 additional information is received pursuant to the request for
27 additional information.

1 (c) A person who requests an advisory opinion under
2 Subsection (a) may act in reliance on the opinion in the conduct of
3 any activity under any license issued under this chapter if the
4 conduct is substantially consistent with the opinion and the facts
5 stated in the request.

6 SECTION 6. Section 2001.103, Occupations Code, is amended
7 by adding Subsections (e)-(h) to read as follows:

8 (e) Notwithstanding Subsection (c), an authorized
9 organization that holds a regular license to conduct bingo may
10 receive not more than 12 temporary licenses during the 12-month
11 period following the issuance or renewal of the license.

12 (f) An authorized organization that holds a regular license
13 to conduct bingo may apply for all or any portion of the total
14 number of temporary licenses to which the organization is entitled
15 under Subsection (e) in one application without stating the days or
16 times for which the organization will use the temporary licenses.

17 (g) An organization that has been issued a temporary license
18 under Subsection (f) shall notify the commission of the specific
19 date and time of the bingo occasion for which the temporary license
20 will be used before using the license. If the commission receives
21 the notification by noon of the day before the day the temporary
22 license will be used, the commission shall verify receipt of the
23 notice before the end of the business day on which the notice is
24 received. If the commission does not receive the notification by
25 noon of the day before the day the temporary license will be used,
26 the commission shall verify receipt of the notice before noon of the
27 business day that follows the day the commission received the

1 notice.

2 (h) A verification under Subsection (g) may be delivered by
3 facsimile, e-mail, or any other means reasonably contemplated to
4 arrive before the time the temporary license will be used.

5 SECTION 7. Section 2001.104, Occupations Code, is amended
6 by adding Subsection (d) to read as follows:

7 (d) An applicant shall pay the fees established under
8 Subsection (a) annually. An applicant for a license or renewal of a
9 license may obtain a license that is effective for two years by
10 paying an amount equal to two times the amount of the annual license
11 fee plus \$25.

12 SECTION 8. Section 2001.105, Occupations Code, is amended
13 by adding Subsection (c) to read as follows:

14 (c) Except as provided by Section 2001.104(d), a license
15 issued under this subchapter is effective for one year.

16 SECTION 9. Subchapter C, Chapter 2001, Occupations Code, is
17 amended by adding Section 2001.108 to read as follows:

18 Sec. 2001.108. LICENSE AMENDMENT FOR CHANGE OF BINGO
19 PREMISES OR OCCASIONS. (a) A licensed authorized organization and
20 the licensed commercial lessor at which the organization conducts
21 or will conduct bingo may file a joint application with the
22 commission to change the premises at which the organization may
23 conduct bingo or the times of the organization's bingo occasions to
24 allow the organization to conduct bingo at the same time and
25 premises that another licensed authorized organization is licensed
26 to conduct bingo, if the other organization has ceased, or will
27 cease, conducting bingo at that time and premises. The application

1 must state whether the other organization has ceased conducting
2 bingo at that time and premises because:

3 (1) the organization has abandoned or will abandon its
4 licensed time or premises; or

5 (2) the organization's lease has been or will be
6 terminated.

7 (b) If the other organization ceased or will cease
8 conducting bingo for the reason stated in Subsection (a)(1), the
9 commission must act on the joint application filed under Subsection
10 (a) not later than the 10th day after the date the application is
11 filed with the commission.

12 (c) If the other organization ceased or will cease
13 conducting bingo for the reason stated in Subsection (a)(2), the
14 commission must act on the joint application filed under Subsection
15 (a) not later than the 10th day after the date the application is
16 filed with the commission or the date on which the termination takes
17 effect, whichever is later.

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

24 (e) Notwithstanding Subsection (d), the commission may
25 issue temporary licenses to one or more licensed authorized
26 organizations that conduct bingo at the same location as an
27 organization that has or will cease to conduct bingo, which are in

1 addition to the number of temporary licenses each organization is
2 entitled to under another provision of this chapter. The
3 commission is not required to act on a joint application under
4 Subsection (a) within the time provided by this section for the
5 additional temporary licenses if the number of additional temporary
6 licenses is sufficient to allow the other organization to conduct
7 bingo during the licensed times of the organization that has or will
8 cease to conduct bingo.

9 SECTION 10. Section 2001.152, Occupations Code, is amended
10 by adding Subsection (c) to read as follows:

11 (c) Notwithstanding Subsection (a), the commission may
12 issue a commercial lessor license under Subsection (a)(2) or (3)
13 only if there is not a licensed commercial lessor whose premises is
14 located in the county in which an applicant for a license under
15 Subsection (a)(2) or (3) proposes to locate a bingo premises. This
16 subsection does not prohibit the renewal of an existing license.
17 This subsection expires September 1, 2005.

18 SECTION 11. Section 2001.158, Occupations Code, is amended
19 by adding Subsection (d) to read as follows:

20 (d) An applicant for a commercial lessor license shall pay
21 the fees established under Subsection (a) annually. An applicant
22 for a license or renewal of a license may obtain a license that is
23 effective for two years by paying an amount equal to two times the
24 amount of the annual license fee plus \$25.

25 SECTION 12. Section 2001.159(c), Occupations Code, is
26 amended to read as follows:

27 (c) Except as provided by Section 2001.158(d), the [The]

1 period may not exceed one year.

2 SECTION 13. Section 2001.214, Occupations Code, is amended
3 to read as follows:

4 Sec. 2001.214. LICENSE TERM. (a) Except as provided by
5 Subsection (b), a [A] manufacturer's or distributor's license is
6 effective for one year unless revoked or suspended by the
7 commission.

8 (b) A manufacturer or distributor may obtain a license that
9 is effective for two years by paying an amount equal to two times
10 the amount of the annual license fee plus \$1,000.

11 SECTION 14. Section 2001.218(a), Occupations Code, is
12 amended to read as follows:

13 (a) Each sale or lease of bingo supplies or equipment to a
14 license holder under this chapter must be on terms of immediate
15 payment or on terms requiring payment not later than the 30th day
16 after the date of actual delivery.

17 SECTION 15. Section 2001.307, Occupations Code, is amended
18 to read as follows:

19 Sec. 2001.307. MAXIMUM LICENSE TERM. Except as otherwise
20 provided by this chapter, a [A] license issued under this chapter
21 may not be effective for more than one year.

22 SECTION 16. Subchapter G, Chapter 2001, Occupations Code,
23 is amended by adding Sections 2001.313 and 2001.314 to read as
24 follows:

25 Sec. 2001.313. REGISTRY OF APPROVED BINGO WORKERS. (a) To
26 minimize duplicate criminal history background checks by the
27 commission and the costs incurred by organizations and individuals,

1 the commission shall maintain a registry of persons on whom the
2 commission has conducted a criminal history background check and
3 who are approved to be involved in the conduct of bingo or to act as
4 a bingo operator.

5 (b) A person listed in the registry may be involved in the
6 conduct of bingo or act as an operator at any location at which
7 bingo is lawfully conducted.

8 (c) The commission shall make the registry information
9 available to the public by publishing it on the commission's
10 website and by responding to telephone, e-mail, and facsimile
11 requests. This subsection does not require the commission to
12 disclose information that is confidential by law.

13 Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO
14 WORKER. (a) The commission may require a person listed in the
15 registry maintained under Section 2001.313 to wear an
16 identification card to identify the person to license holders,
17 bingo players, and commission staff while the person is on duty
18 during the conduct of bingo. The commission by rule shall prescribe
19 the form and content of the card.

20 (b) The commission may provide the identification card or
21 may provide a form to be completed by a person that allows the
22 person to prepare the identification card. The commission may
23 collect a reasonable charge to cover the cost of providing the card
24 or form.

25 (c) A person is not required to obtain the identification
26 card or form from the commission, but may obtain a substantially
27 identical card or form from another source.

1 (d) An identification card required by the commission under
2 this section to be worn by a person while on duty during the conduct
3 of bingo must be in substantial compliance with the form and content
4 requirements prescribed by the commission under this section.

5 (e) The commission may not require any other person licensed
6 under this chapter, or a person acting on the license holder's
7 behalf, to wear an identification card, whether or not the person is
8 present or performing the person's duties during the conduct of
9 bingo.

10 SECTION 17. Section 2001.411, Occupations Code, is amended
11 by adding Subsection (e) to read as follows:

12 (e) The commission may not prohibit an operator responsible
13 for conducting, promoting, or administering bingo from acting as a
14 bingo caller for a licensed authorized organization during a bingo
15 occasion. This subsection does not relieve the operator of the duty
16 to be available to a commission employee or bingo player if required
17 by this chapter.

18 SECTION 18. Subchapter I, Chapter 2001, Occupations Code,
19 is amended by adding Section 2001.4115 to read as follows:

20 Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO EMPLOYEES. Two
21 or more licensed authorized organizations conducting bingo at the
22 same premises may jointly hire bingo employees. One organization
23 may act as the employee's employer and the other organization may
24 reimburse the employing organization for the other organization's
25 share of the employee's compensation and other employment-related
26 costs. A reimbursement under this section is an authorized expense
27 and must be made from the bingo account of the reimbursing

1 organization.

2 SECTION 19. Section 2001.413, Occupations Code, is amended
3 to read as follows:

4 Sec. 2001.413. ADMISSION CHARGE REQUIRED. Except as
5 provided by Section 2001.4155, a [A] licensed authorized
6 organization may not offer or provide to a person the opportunity to
7 play bingo without charge.

8 SECTION 20. Section 2001.415, Occupations Code, is amended
9 to read as follows:

10 Sec. 2001.415. ADVERTISEMENTS. (a) A person other than a
11 licensed authorized organization, licensed commercial lessor, or
12 the commission may not advertise bingo.

13 (b) A licensed authorized organization, licensed commercial
14 lessor, or the commission may include in an advertisement or
15 promotion the amount of a prize or series of prizes offered at a
16 bingo occasion.

17 SECTION 21. Subchapter I, Chapter 2001, Occupations Code,
18 is amended by adding Section 2001.4155 to read as follows:

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

24 (b) A licensed authorized organization or licensed
25 commercial lessor that distributes or accepts a gift certificate
26 must keep adequate records relating to the gift certificate as
27 provided by commission rule.

1 SECTION 22. Section 2001.451, Occupations Code, is amended
2 by amending Subsection (b) and adding Subsection (b-1) to read as
3 follows:

4 (b) A licensed authorized organization shall deposit in the
5 bingo account all funds derived from the conduct of bingo, less the
6 amount awarded as cash prizes under Sections 2001.420(a) and (b).
7 Except as provided by Subsection (b-1), a [A] deposit must be made
8 not later than the next business day after the day of the bingo
9 occasion on which the receipts were obtained.

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

14 SECTION 23. Section 2001.454, Occupations Code, is amended
15 to read as follows:

16 Sec. 2001.454. USE OF NET PROCEEDS FOR CHARITABLE PURPOSES.

17 (a) A licensed authorized organization shall devote to the [~~a~~]
18 charitable purposes of the organization [~~purpose~~] its net proceeds
19 of bingo and any rental of premises.

20 (b) Except as otherwise provided by law, the [~~The~~] net
21 proceeds derived from bingo and any rental of premises are
22 dedicated to the [~~a~~] charitable purposes of the organization
23 [~~purpose~~] only if directed to a cause, deed, or activity that is
24 consistent with the federal tax exemption under which the
25 organization qualifies as a nonprofit organization as defined by
26 Section 2001.002 [~~+~~

27 [~~(1) benefits an indefinite number of needy or~~

1 ~~deserving persons in this state by:~~

2 ~~[(A) enhancing their opportunity for religious~~
3 ~~or educational advancement;~~

4 ~~[(B) relieving them from disease, suffering, or~~
5 ~~distress;~~

6 ~~[(C) contributing to their physical well-being;~~

7 ~~[(D) assisting them in establishing themselves~~
8 ~~in life as worthy and useful citizens; or~~

9 ~~[(E) increasing their comprehension of and~~
10 ~~devotion to the principles on which this nation was founded and~~
11 ~~enhancing their loyalty to their government; or~~

12 ~~[(2) initiates, performs, or fosters worthy public~~
13 ~~works in this state or enables or furthers the erection or~~
14 ~~maintenance of public structures in this state].~~

15 SECTION 24. Section 2001.458(a), Occupations Code, is
16 amended to read as follows:

17 (a) An item of expense may not be incurred or paid in
18 connection with the conduct of bingo except an expense that is
19 ~~[those expenses that are]~~ reasonable or necessary to conduct bingo,
20 including an expense [and necessarily expended] for:

21 (1) advertising, including the cost of bingo gift
22 certificates;

23 (2) security;

24 (3) repair or maintenance of [repairs to] premises and
25 equipment;

26 (4) bingo supplies and equipment;

27 (5) prizes;

- 1 (6) stated rental or mortgage and insurance expenses;
- 2 (7) bookkeeping, legal, or accounting services
- 3 related to bingo;
- 4 (8) fees [~~in amounts authorized by the commission~~] for
- 5 callers, cashiers, ushers, sales personnel, janitorial services,
- 6 and utility supplies and services; [~~and~~]
- 7 (9) license fees;
- 8 (10) attending a bingo seminar or convention;
- 9 (11) debit card transaction fees; and
- 10 (12) a salary for a manager to act as the operator
- 11 responsible for conducting, promoting, or administering bingo.

12 SECTION 25. Section 2001.459(a), Occupations Code, is
13 amended to read as follows:

14 (a) The following items of expense incurred or paid in
15 connection with the conduct of bingo must be paid from an
16 organization's bingo account:

- 17 (1) advertising, including the cost of bingo gift
- 18 certificates;
- 19 (2) security during a bingo occasion;
- 20 (3) the purchase or repair of bingo supplies and
- 21 equipment;
- 22 (4) prizes, other than authorized cash prizes;
- 23 (5) stated rental expenses;
- 24 (6) bookkeeping, legal, or accounting services;
- 25 (7) fees for callers, cashiers, and ushers;
- 26 (8) janitorial services;
- 27 (9) license fees; and

1 (10) payment for services provided by a system service
2 provider.

3 SECTION 26. Subchapter K, Chapter 2001, Occupations Code,
4 is amended by adding Section 2001.5015 to read as follows:

5 Sec. 2001.5015. MANUFACTURER GROSS RECEIPTS TAX. (a) A tax
6 is imposed on the sale of bingo equipment by a manufacturer to a
7 licensed distributor for use in the conduct of bingo in this state.

8 (b) The tax rate is the rate that, if applied to the total
9 amount of gross receipts from all sales of bingo equipment
10 described by Subsection (a) for the most recent four calendar
11 quarters for which the information is available, would generate an
12 amount of revenue equal to the total amount of taxes that would have
13 been imposed under Chapter 151, Tax Code, for the most recent four
14 calendar quarters for which the information is available on all
15 sales of bingo equipment to licensed authorized organizations that
16 are exempt from taxation under Section 151.3105, Tax Code, if those
17 sales had been subject to taxation under Chapter 151, Tax Code.

18 (c) The commission shall set the tax rate under Subsection
19 (b) for each calendar year not later than January 1 of the year. The
20 comptroller shall certify to the commission the information
21 available to the comptroller that the commission requires to set
22 the tax rate.

23 (d) The other provisions of this subchapter applicable to
24 another tax or fee imposed under this subchapter apply to the tax
25 imposed by this section to the extent those provisions can be made
26 applicable.

27 SECTION 27. Section 2001.504(a), Occupations Code, is

1 amended to read as follows:

2 (a) A tax or fee authorized or imposed under this subchapter
3 is due and is payable by the license holder or a person conducting
4 bingo without a license to the commission quarterly on or before the
5 25th [~~15th~~] day of the month succeeding each calendar quarter.

6 SECTION 28. Section 2001.602(b), Occupations Code, is
7 amended to read as follows:

8 (b) In determining the amount of the penalty, the
9 [~~executive~~] director shall consider:

- 10 (1) the seriousness of the violation, including the
11 nature, circumstances, extent, and gravity of the prohibited acts;
12 (2) the history of previous violations;
13 (3) the amount necessary to deter future violations;
14 (4) efforts to correct the violation; and
15 (5) any other matter that justice may require.

16 SECTION 29. Sections 2001.603(a) and (b), Occupations Code,
17 are amended to read as follows:

18 (a) If, after investigating a possible violation and the
19 facts surrounding that possible violation, the [~~executive~~]
20 director determines that a violation has occurred, the [~~executive~~]
21 director may issue a violation report stating the facts on which the
22 conclusion that a violation occurred is based, recommending that an
23 administrative penalty be imposed on the person alleged to have
24 committed the violation, and recommending the amount of the
25 proposed penalty. The [~~executive~~] director shall base the
26 recommended amount of the proposed penalty on the seriousness of
27 the violation determined by consideration of the factors set out in

1 Section 2001.602(b).

2 (b) Not later than the 14th day after the date on which the
3 report is issued, the [~~executive~~] director shall give written
4 notice of the report to the person alleged to have committed the
5 violation.

6 SECTION 30. Section 2001.604, Occupations Code, is amended
7 to read as follows:

8 Sec. 2001.604. PENALTY TO BE PAID OR HEARING REQUESTED. (a)
9 Not later than the 20th day after the date the person receives the
10 notice, the person may:

11 (1) accept the recommendation of the [~~executive~~]
12 director, including the recommended administrative penalty; or

13 (2) make a written request for a hearing on the
14 determination.

15 (b) If the person accepts the [~~executive~~] director's
16 determination, the [~~executive~~] director by order shall approve the
17 determination and impose the proposed penalty.

18 SECTION 31. Section 2001.605(a), Occupations Code, is
19 amended to read as follows:

20 (a) If the person timely requests a hearing or does not
21 respond to the notice in the time provided by Section 2001.604(a),
22 the [~~executive~~] director shall set a hearing and give notice of the
23 hearing to the person.

24 SECTION 32. Section 2001.606, Occupations Code, is amended
25 to read as follows:

26 Sec. 2001.606. DECISION BY [~~EXECUTIVE~~] DIRECTOR. (a)
27 Based on the findings of fact and conclusions of law and the

1 recommendations of the hearings examiner, the [~~executive~~] director
2 by order:

3 (1) may find that a violation has occurred and may
4 impose an administrative penalty; or

5 (2) may find that a violation has not occurred.

6 (b) The [~~executive~~] director shall give notice of the order
7 to the person. The notice must include:

8 (1) separate statements of the findings of fact and
9 conclusions of law;

10 (2) the amount of any penalty imposed;

11 (3) a statement of the right of the person to judicial
12 review of the order; and

13 (4) other information required by law.

14 SECTION 33. Sections 2001.607(b) and (c), Occupations Code,
15 are amended to read as follows:

16 (b) Within the 30-day period, a person who acts under
17 Subsection (a)(3) may:

18 (1) stay enforcement of the penalty by:

19 (A) paying the penalty to the court for placement
20 in an escrow account; or

21 (B) giving to the court a supersedeas bond
22 approved by the court for the amount of the penalty that is
23 effective until all judicial review of the order is final; or

24 (2) request the court to stay enforcement of the
25 penalty by:

26 (A) filing with the court a sworn affidavit of
27 the person stating that the person is financially unable to pay the

1 penalty and is financially unable to give the supersedeas bond; and

2 (B) giving a copy of the affidavit to the
3 [~~executive~~] director by certified mail.

4 (c) On receipt of a copy of the affidavit as provided by
5 Subsection (b)(2), the [~~executive~~] director may file with the
6 court, not later than the fifth day after the date the copy is
7 received, a contest to the affidavit. The court shall hold a hearing
8 on the facts alleged in the affidavit as soon as practicable and
9 shall stay the enforcement of the penalty on finding that the
10 alleged facts are true. The person who files an affidavit has the
11 burden of proving that the person is financially unable to pay the
12 penalty and to give a supersedeas bond.

13 SECTION 34. Section 2001.608, Occupations Code, is amended
14 to read as follows:

15 Sec. 2001.608. COLLECTION OF PENALTY. If the person does
16 not pay the administrative penalty and the enforcement of the
17 penalty is not stayed, the [~~executive~~] director may refer the
18 matter to the attorney general for collection of the penalty.

19 SECTION 35. Subchapter H, Chapter 151, Tax Code, is amended
20 by adding Section 151.3105 to read as follows:

21 Sec. 151.3105. BINGO EQUIPMENT PURCHASED BY CERTAIN
22 ORGANIZATIONS. Bingo equipment, as defined by Section 2001.002,
23 Occupations Code, is exempted from the taxes imposed by this
24 chapter if the bingo equipment is:

25 (1) purchased by an organization licensed to conduct
26 bingo under Chapter 2001, Occupations Code, that is exempt from the
27 payment of federal income taxes under Section 501(a), Internal

1 Revenue Code of 1986, as amended, by being listed as an exempt
2 organization under Section 501(c)(3), (4), (8), (10), or (19),
3 Internal Revenue Code of 1986, as amended; and
4 (2) used exclusively to conduct bingo authorized under
5 Chapter 2001, Occupations Code.

6 SECTION 36. The following sections are repealed:

7 (1) Section 2001.409(b), Occupations Code; and

8 (2) Section 2001.410(c), Occupations Code.

9 SECTION 37. The change in law made by this Act relating to a
10 license issued under Chapter 2001, Occupations Code, applies only
11 to the license of a person who files an application with the Texas
12 Lottery Commission for a license or the renewal of a license under
13 Chapter 2001, Occupations Code, on or after the effective date of
14 this Act. The license of a person who files an application before
15 the effective date of this Act is governed by the law in effect on
16 the date the application was filed, and the former law is continued
17 in effect for that purpose.

18 SECTION 38. (a) Except as provided by Subsections (b) and
19 (c) of this section, this Act takes effect September 1, 2003.

20 (b) Section 151.3105, Tax Code, as added by this Act, takes
21 effect January 1, 2004.

22 (c) The tax imposed under Section 2001.5015, Occupations
23 Code, as added by this Act, applies beginning January 1, 2004. The
24 Texas Lottery Commission shall set the tax rate under that section
25 for the 2004 calendar year not later than January 1, 2004.