

By: Jackson

S.B. No. 270

A BILL TO BE ENTITLED

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AN ACT

relating to the continuation and functions of the Texas Lottery Commission.

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

SECTION 1. Section 466.014, Government Code, is amended by adding Subsection (d) to read as follows:

(d) A contract between the division and a lottery operator under Subsection (b) must contain a provision allowing the contract to be terminated without penalty if the division is abolished.

SECTION 2. Subchapter B, Chapter 466, Government Code, is amended by adding Section 466.026 to read as follows:

Sec. 466.026. COMPREHENSIVE BUSINESS PLAN. (a) The commission shall develop a comprehensive business plan to guide the commission's major initiatives. The plan must at a minimum include:

- (1) a description of each commission program and project;
- (2) key management information;
- (3) accurate financial data; and
- (4) a detailed financial management plan.

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

SECTION 3. Subchapter C, Chapter 466, Government Code, is

1 amended by adding Section 466.1005 to read as follows:

2 Sec. 466.1005. PROCUREMENTS. (a) The commission may
3 purchase or lease facilities, goods, and services and make any
4 purchases, leases, or contracts necessary for carrying out the
5 purposes of this chapter.

6 (b) The commission shall review and must approve all major
7 procurements as provided by commission rule. The commission by
8 rule shall establish a procedure to determine what constitutes a
9 major procurement based on the cumulative value of a contract and
10 other relevant factors.

11 (c) The commission may delegate to the executive director
12 the authority to approve procurements other than major
13 procurements.

14 SECTION 4. Subsections (a) and (b), Section 466.101,
15 Government Code, are amended to read as follows:

16 (a) The commission and executive director may establish
17 procedures for the purchase or lease of facilities, goods, and
18 services and make any purchases, leases, or contracts that are
19 necessary for carrying out the purposes of this chapter. The
20 procedures must, as determined feasible and appropriate by the
21 commission and executive director, promote competition to the
22 maximum extent possible.

23 (b) In all procurement decisions, the commission and
24 executive director shall take into account the particularly
25 sensitive nature of the lottery and shall act to promote and ensure
26 integrity, security, honesty, and fairness in the operation and
27 administration of the lottery and the objective of producing

1 revenues for the state treasury.

2 SECTION 5. Section 466.158, Government Code, is amended by
3 adding Subsections (d), (e), and (f) to read as follows:

4 (d) In making a determination whether to renew a license,
5 the commission shall consider the compliance history of a license
6 holder. The commission shall adopt rules to govern the specific
7 areas of compliance history that may be considered in the renewal
8 determination.

9 (e) After an opportunity for a hearing, the commission may
10 deny an application for renewal of a license if the applicant's
11 compliance history reveals conduct that is inconsistent with this
12 chapter or the commission's rules adopted under this chapter in the
13 specific areas considered by the commission in accordance with the
14 rules adopted under Subsection (d).

15 (f) The commission by rule may adopt a system under which
16 licenses expire on various dates during the year. For the year in
17 which the license expiration date is changed, the commission shall
18 prorate license fees on a monthly basis so that each license holder
19 pays only that portion of the license fee that is allocable to the
20 number of months during which the license is valid. On renewal of
21 the license on the new expiration date, the total license renewal
22 fee is payable.

23 SECTION 6. Section 467.002, Government Code, is amended to
24 read as follows:

25 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
26 subject to Chapter 325 (Texas Sunset Act). Unless continued in
27 existence as provided by that chapter, the commission is abolished

1 and this chapter, Chapter 466, and Chapter 2001, Occupations Code,
2 expire [~~Act expires~~] September 1, 2015 [~~2003~~].

3 SECTION 7. Subsections (a) and (b), Section 467.021,
4 Government Code, are amended to read as follows:

5 (a) The commission is composed of five [~~three~~] members
6 appointed by the governor with the advice and consent of the senate.

7 (b) Appointments [~~In making appointments~~] to the commission
8 shall be made without [~~, the governor shall strive to achieve~~
9 ~~representation by all the population groups of the state with]~~
10 regard to the [~~economic status, sex,~~] race, color, disability, sex,
11 religion, age, or national origin of the appointees [~~and~~
12 ~~ethnicity~~].

13 SECTION 8. Section 467.022, Government Code, is amended to
14 read as follows:

15 Sec. 467.022. TERM OF OFFICE. Members hold office for
16 staggered terms of six years with the terms of either one or two
17 members [~~member's term~~] expiring February 1 of each odd-numbered
18 year.

19 SECTION 9. Section 467.024, Government Code, is amended by
20 adding Subsections (c) and (d) to read as follows:

21 (c) A person may not be a commission employee employed in a
22 "bona fide executive, administrative, or professional capacity,"
23 as that phrase is used for purposes of establishing an exemption to
24 the overtime provisions of the federal Fair Labor Standards Act of
25 1938 (29 U.S.C. Section 201 et seq.), and its subsequent
26 amendments, if:

27 (1) the person is an officer, employee, or paid

1 consultant of a Texas trade association in the field of bingo or
2 lottery; or

3 (2) the person's spouse is an officer, manager, or paid
4 consultant of a Texas trade association in the field of bingo or
5 lottery.

6 (d) A person may not act as the general counsel to the
7 commission if the person is required to register as a lobbyist under
8 Chapter 305 because of the person's activities for compensation on
9 behalf of a profession related to the operation of the commission.

10 SECTION 10. Subchapter B, Chapter 467, Government Code, is
11 amended by adding Section 467.0255 to read as follows:

12 Sec. 467.0255. TRAINING. (a) A person who is appointed to
13 and qualifies for office as a member of the commission may not vote,
14 deliberate, or be counted as a member in attendance at a meeting of
15 the commission until the person completes a training program that
16 complies with this section.

17 (b) The training program must provide the person with
18 information regarding:

- 19 (1) the legislation that created the commission;
20 (2) the programs operated by the commission;
21 (3) the role and functions of the commission;
22 (4) the rules of the commission, with an emphasis on
23 the rules that relate to disciplinary and investigatory authority;
24 (5) the current budget for the commission;
25 (6) the results of the most recent formal audit of the
26 commission;
27 (7) the requirements of:

- 1 (A) the open meetings law, Chapter 551;
- 2 (B) the public information law, Chapter 552;
- 3 (C) the administrative procedure law, Chapter
- 4 2001; and
- 5 (D) other laws relating to public officials,
- 6 including conflict-of-interest laws; and

7 (8) any applicable ethics policies adopted by the
8 commission or the Texas Ethics Commission.

9 (c) A person appointed to the commission is entitled to
10 reimbursement, as provided by the General Appropriations Act, for
11 the travel expenses incurred in attending the training program
12 regardless of whether the attendance at the program occurs before
13 or after the person qualifies for office.

14 SECTION 11. Subsections (a) and (c), Section 467.026,
15 Government Code, are amended to read as follows:

16 (a) It is a ground for removal from the [~~The governor may~~
17 ~~remove a~~] commission that a member [~~if the member~~]:

18 (1) does not have at the time of taking office
19 [~~appointment~~] the qualifications required by Sections 467.023 and
20 467.024 [~~for appointment to the commission~~];

21 (2) does not maintain during service on the commission
22 the qualifications required by Sections 467.023 and 467.024 [~~for~~
23 ~~appointment to the commission~~];

24 (3) is ineligible for membership under [~~violates a~~
25 ~~prohibition established by~~] Section 467.023, 467.024, or 467.025;

26 (4) cannot discharge the member's duties for a
27 substantial part of the member's term [~~for which the member is~~

1 ~~appointed~~] because of illness or disability; or

2 (5) is absent from more than half of the regularly
3 scheduled commission meetings that the member is eligible to attend
4 during a calendar year without an excuse approved [~~unless the~~
5 ~~absence is excused~~] by majority vote of the commission.

6 (c) If the executive director [~~presiding officer~~] has
7 knowledge that a potential ground for removal exists, the executive
8 director [~~presiding officer~~] shall notify the presiding officer of
9 the commission of the potential ground. The presiding officer
10 shall then notify the governor and the attorney general that a
11 potential ground for removal exists. If the potential ground for
12 removal involves the presiding officer, the executive director
13 shall notify the next highest ranking officer of the commission,
14 who shall then notify the governor and the attorney general that a
15 potential ground for removal exists.

16 SECTION 12. Subchapter B, Chapter 467, Government Code, is
17 amended by adding Sections 467.037 through 467.040 to read as
18 follows:

19 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
20 shall develop and implement policies that clearly separate the
21 policymaking responsibilities of the commission and the management
22 responsibilities of the executive director and the staff of the
23 commission.

24 Sec. 467.038. EQUAL EMPLOYMENT OPPORTUNITY POLICY; REPORT.

25 (a) The executive director or the executive director's designee
26 shall prepare and maintain a written policy statement that
27 implements a program of equal employment opportunity to ensure that

1 all personnel decisions are made without regard to race, color,
2 disability, sex, religion, age, or national origin.

3 (b) The policy statement must include:

4 (1) personnel policies, including policies relating
5 to recruitment, evaluation, selection, training, and promotion of
6 personnel, that show the intent of the commission to avoid the
7 unlawful employment practices described by Chapter 21, Labor Code;
8 and

9 (2) an analysis of the extent to which the composition
10 of the commission's personnel is in accordance with state and
11 federal law and a description of reasonable methods to achieve
12 compliance with state and federal law.

13 (c) The policy statement must:

14 (1) be updated annually;

15 (2) be reviewed by the state Commission on Human
16 Rights for compliance with Subsection (b)(1); and

17 (3) be filed with the governor's office.

18 Sec. 467.039. REQUIREMENTS AND STANDARDS OF CONDUCT
19 INFORMATION. The executive director or the executive director's
20 designee shall provide to members of the commission and to
21 commission employees, as often as necessary, information regarding
22 the requirements for office or employment under this chapter,
23 including information regarding a person's responsibilities under
24 applicable laws relating to standards of conduct for state officers
25 or employees.

26 Sec. 467.040. STATE EMPLOYEE INCENTIVE PROGRAM
27 INFORMATION. The executive director or the executive director's

1 designee shall provide to commission employees information and
2 training on the benefits and methods of participation in the state
3 employee incentive program.

4 SECTION 13. Subchapter C, Chapter 467, Government Code, is
5 amended by adding Sections 467.109 through 467.112 to read as
6 follows:

7 Sec. 467.109. TECHNOLOGY POLICY. The commission shall
8 develop and implement a policy requiring the executive director and
9 commission employees to research and propose appropriate
10 technological solutions to improve the commission's ability to
11 perform its functions. The technological solutions must:

12 (1) ensure that the public is able to easily find
13 information about the commission on the Internet;

14 (2) ensure that persons who want to use the
15 commission's services are able to:

16 (A) interact with the commission through the
17 Internet; and

18 (B) access any service that can be provided
19 effectively through the Internet; and

20 (3) be cost-effective and developed through the
21 commission's planning processes.

22 Sec. 467.110. NEGOTIATED RULEMAKING AND ALTERNATIVE
23 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
24 implement a policy to encourage the use of:

25 (1) negotiated rulemaking procedures under Chapter
26 2008 for the adoption of commission rules; and

27 (2) appropriate alternative dispute resolution

1 procedures under Chapter 2009 to assist in the resolution of
2 internal and external disputes under the commission's
3 jurisdiction.

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

9 (c) The commission shall designate a trained person to:

10 (1) coordinate the implementation of the policy
11 adopted under Subsection (a);

12 (2) serve as a resource for any training needed to
13 implement the procedures for negotiated rulemaking or alternative
14 dispute resolution; and

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

17 Sec. 467.111. PUBLIC PARTICIPATION. The commission shall
18 develop and implement policies that provide the public with a
19 reasonable opportunity to appear before the commission and to speak
20 on any issue under the jurisdiction of the commission.

21 Sec. 467.112. COMPLAINTS. (a) The commission shall
22 maintain a file on each written complaint filed with the commission
23 or a division of the commission. The file must include:

24 (1) the name of the person who filed the complaint;

25 (2) the date the complaint is received by the
26 commission or a division of the commission;

27 (3) the subject matter of the complaint;

1 (4) the name of each person contacted in relation to
2 the complaint;

3 (5) a summary of the results of the review or
4 investigation of the complaint; and

5 (6) an explanation of the reason the file was closed,
6 if the commission closed the file without taking action other than
7 to investigate the complaint.

8 (b) The commission shall provide to the person filing the
9 complaint and to each person who is a subject of the complaint a
10 copy of the commission's policies and procedures relating to
11 complaint investigation and resolution.

12 (c) The commission, at least quarterly until final
13 disposition of the complaint, shall notify the person filing the
14 complaint and each person who is a subject of the complaint of the
15 status of the investigation unless the notice would jeopardize an
16 undercover investigation.

17 (d) The commission shall publish procedures covering the
18 entire complaint process from submission to disposition.

19 (e) The commission by rule shall require an investigation
20 related to a complaint filed with the commission or a division of
21 the commission to be completed within a reasonable time.

22 (f) The commission shall analyze the complaints filed with
23 the commission to identify any trends or issues related to certain
24 violations.

25 SECTION 14. Subdivision (5), Section 2001.002, Occupations
26 Code, is amended to read as follows:

27 (5) "Bingo equipment" means equipment used, made, or

1 sold for the purpose of use in bingo. The term:

2 (A) includes:

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

6 (ii) an electronic or mechanical
7 cardminding device;

8 (iii) a pull-tab dispenser;

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

10 (v) a bingo ball; and

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

13 (B) does not include:

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

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

20 SECTION 15. Subsection (b), Section 2001.051, Occupations
21 Code, is amended to read as follows:

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

27 (1) any matter relating to the premises, personnel, or

1 activities of an authorized commercial lessor or authorized
2 organization unless the authority is expressly granted by this
3 chapter or is necessary to administer this chapter; or

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

6 SECTION 16. Section 2001.053, Occupations Code, is amended
7 to read as follows:

8 Sec. 2001.053. OFFICERS AND INVESTIGATORS. (a) The
9 commission may employ officers or investigators the commission
10 considers necessary to administer this chapter.

11 (b) An officer or investigator employed by the commission
12 may not carry a firearm or badge and may not wear a hat, uniform, or
13 other clothing with any type of insignia indicating the officer's
14 or investigator's official position, while conducting a routine
15 inspection of bingo premises or a business office of a licensed
16 authorized organization.

17 SECTION 17. Section 2001.055, Occupations Code, is amended
18 to read as follows:

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

22 (b) The commission, to the extent consistent with this
23 chapter, shall support the efforts of licensed authorized
24 organizations to develop and offer new types of bingo games and to
25 apply new technology to bingo games.

26 SECTION 18. Subchapter B, Chapter 2001, Occupations Code,
27 is amended by adding Section 2001.0555 to read as follows:

1 Sec. 2001.0555. COMPLIANCE MONITORING. The commission
2 shall adopt rules to govern the commission's monitoring of a
3 license holder to determine if the license holder is in compliance
4 with this chapter or rules adopted under this chapter. The rules
5 must at a minimum address audits and inspections and other
6 compliance and enforcement activities.

7 SECTION 19. Section 2001.057, Occupations Code, is amended
8 by adding Subsections (h) and (i) to read as follows:

9 (h) The committee shall annually develop a work plan
10 detailing the committee's objectives and the issues to be addressed
11 by the committee during the year. The plan must:

12 (1) assess trends in the charitable bingo industry;

13 (2) review bingo rules to determine whether changes,
14 additions, or deletions are needed; and

15 (3) address other issues as determined by the
16 commission.

17 (i) The committee shall perform a review at the end of each
18 year to:

19 (1) assess the committee's accomplishments during the
20 year;

21 (2) identify opportunities for improving the
22 commission's regulation of bingo; and

23 (3) develop specific recommendations for commission
24 action.

25 SECTION 20. Subchapter B, Chapter 2001, Occupations Code,
26 is amended by adding Section 2001.059 to read as follows:

27 Sec. 2001.059. ADVISORY OPINIONS. (a) A person may

1 request from the director of the bingo division an advisory opinion
2 regarding compliance with this chapter and the rules of the policy
3 board.

4 (b) The director of the bingo division shall respond to a
5 request under Subsection (a) not later than the 30th day after the
6 date a request is received, unless the director determines that the
7 request does not contain sufficient facts to provide an answer on
8 which the requestor may rely. In that event, the director shall
9 request additional information from the requestor not later than
10 the 10th day after the date the request is received. If the
11 director requests additional information, the director shall
12 respond to the request not later than the 30th day after the date
13 additional information is received pursuant to the request for
14 additional information.

15 (c) A person who requests an advisory opinion under
16 Subsection (a) may act in reliance on the opinion in the conduct of
17 any activity under any license issued under this chapter if the
18 conduct is substantially consistent with the opinion and the facts
19 stated in the request.

20 SECTION 21. Section 2001.101, Occupations Code, is amended
21 to read as follows:

22 Sec. 2001.101. AUTHORIZED ORGANIZATION. (a) The
23 commission may license a person who is an authorized organization
24 eligible for a license to conduct bingo if the person has been in
25 existence for the time required by commission rule to ensure the
26 continuity and bona fide nature of the organization and is:

27 (1) a religious society [~~that has existed in this~~

1 ~~state for at least eight years];~~

2 (2) a nonprofit organization:

3 (A) whose predominant activities are for the
4 support of medical research or treatment programs; and

5 (B) that ~~[for at least three years]:~~

6 (i) has ~~[must have had]~~ a governing body or
7 officers elected by a vote of members or by a vote of delegates
8 elected by the members; or

9 (ii) is ~~[must have been]~~ affiliated with a
10 state or national organization organized to perform the same
11 purposes as the nonprofit organization;

12 (3) a fraternal organization;

13 (4) a veterans organization; or

14 (5) a volunteer fire department.

15 (b) A fraternal organization:

16 (1) ~~[must have been organized in this state for at
17 least three years,~~

18 ~~[-2)]~~ must have ~~[had during the three-year period]~~ a
19 bona fide membership actively and continuously engaged as an
20 organization in furthering its authorized purposes; and

21 (2) ~~[-3)]~~ may not have authorized a person on behalf of
22 its membership, governing body, or officers to support or oppose a
23 particular candidate for public office by:

24 (A) making political speeches;

25 (B) passing out cards or other political
26 literature;

27 (C) writing letters;

- (D) signing or circulating petitions;
- (E) making campaign contributions; or
- (F) soliciting votes.

SECTION 22. Subsection (d), Section 2001.103, Occupations Code, is amended to read as follows:

(d) An organization operating under a temporary license is subject to:

(1) the taxes and fees authorized or imposed by this chapter; ~~and~~

(2) the standard licensing oversight of the commission, including audits and inspections; and

(3) the other provisions of this chapter to the extent they can be made applicable.

SECTION 23. Section 2001.104, Occupations Code, is amended by adding Subsection (d) to read as follows:

(d) An applicant shall pay the fees established under Subsection (a) annually. An applicant for a license or renewal of a license may 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 24. Section 2001.105, Occupations Code, is amended by adding Subsection (c) to read as follows:

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

SECTION 25. Subchapter C, Chapter 2001, Occupations Code, is amended by adding Section 2001.108 to read as follows:

Sec. 2001.108. LICENSE AMENDMENT FOR CHANGE OF BINGO

1 PREMISES OR OCCASIONS. (a) A licensed authorized organization and
2 the licensed commercial lessor at which the organization conducts
3 or will conduct bingo may file a joint application with the
4 commission to change the premises at which the organization may
5 conduct bingo or the times of the organization's bingo occasions to
6 allow the organization to conduct bingo at the same time and
7 premises that another licensed authorized organization is licensed
8 to conduct bingo, if the other organization has ceased, or will
9 cease, conducting bingo at that time and premises. The application
10 must state whether the other organization has ceased conducting
11 bingo at that time and premises because:

12 (1) the organization has abandoned or will abandon its
13 licensed time or premises; or

14 (2) the organization's lease has been or will be
15 terminated.

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

21 (c) If the other organization ceased or will cease
22 conducting bingo for the reason stated in Subsection (a)(2), the
23 commission must act on the joint application filed under Subsection
24 (a) not later than the 10th day after the date the application is
25 filed with the commission or the date on which the termination takes
26 effect, whichever is later.

27 (d) If the commission fails to act within the time provided

1 by Subsection (b) or (c), the licensed authorized organization may
2 act as if the change in premises or bingo occasions has been
3 approved by the commission and may conduct bingo at the new premises
4 or during the new bingo occasion until the commission acts on the
5 application.

6 (e) Notwithstanding Subsection (d), the commission may
7 issue temporary licenses to one or more licensed authorized
8 organizations that conduct bingo at the same location as an
9 organization that has or will cease to conduct bingo, which are in
10 addition to the number of temporary licenses each organization is
11 entitled to under another provision of this chapter. The
12 commission is not required to act on a joint application under
13 Subsection (a) within the time provided by this section for the
14 additional temporary licenses if the number of additional temporary
15 licenses is sufficient to allow the other organization to conduct
16 bingo during the licensed times of the organization that has or will
17 cease to conduct bingo.

18 SECTION 26. Subsection (a), Section 2001.152, Occupations
19 Code, is amended to read as follows:

20 (a) The commission may issue a commercial lessor license
21 only to:

22 (1) a licensed authorized organization that owns or
23 leases a premises where bingo is or will be conducted or an
24 association of licensed authorized organizations that jointly own
25 or lease premises where bingo is or will be conducted and that the
26 organization or association leases or offers for lease to one or
27 more other authorized organizations for the conduct of bingo; or

1 (2) ~~[a person who leases premises to a single licensed~~
2 ~~authorized organization that subleases or will sublease the~~
3 ~~premises to one or more other licensed authorized organizations for~~
4 ~~the conduct of bingo, or~~

5 ~~[(3)]~~ a person who leases premises for the ~~[total~~
6 ~~control and exclusive]~~ use of only one licensed authorized
7 organization for the conduct of bingo ~~[as that organization's~~
8 ~~primary business office]~~.

9 SECTION 27. Section 2001.158, Occupations Code, is amended
10 by adding Subsection (d) to read as follows:

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

16 SECTION 28. Subsection (c), Section 2001.159, Occupations
17 Code, is amended to read as follows:

18 (c) Except as provided by Section 2001.158(d), the ~~[The]~~
19 period may not exceed one year.

20 SECTION 29. Section 2001.214, Occupations Code, is amended
21 to read as follows:

22 Sec. 2001.214. LICENSE TERM. (a) Except as provided by
23 Subsection (b), a ~~[A]~~ manufacturer's or distributor's license is
24 effective for one year unless revoked or suspended by the
25 commission.

26 (b) A manufacturer or distributor may obtain a license that
27 is effective for two years by paying an amount equal to two times

1 the amount of the annual license fee plus \$1,000.

2 SECTION 30. Subsection (a), Section 2001.218, Occupations
3 Code, is amended to read as follows:

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

8 SECTION 31. Subchapter G, Chapter 2001, Occupations Code,
9 is amended by adding Section 2001.3015 to read as follows:

10 Sec. 2001.3015. LICENSING RULES. The commission by rule
11 shall:

12 (1) establish comprehensive qualifications for a
13 person to be licensed or the person's license to be renewed under
14 this chapter;

15 (2) develop a standard license renewal process, from
16 submission to completion, for each license issued under this
17 chapter to ensure that a license holder continues to meet the
18 eligibility requirements provided by this chapter and commission
19 rule; and

20 (3) establish standards of conduct for a person
21 licensed under this chapter.

22 SECTION 32. Section 2001.307, Occupations Code, is amended
23 to read as follows:

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

27 SECTION 33. Subchapter G, Chapter 2001, Occupations Code,

1 is amended by adding Sections 2001.313 and 2001.314 to read as
2 follows:

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

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

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

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

25 (b) The commission may provide the identification card or
26 may provide a form to be completed by a person that allows the
27 person to prepare the identification card. The commission may

1 collect a reasonable charge to cover the cost of providing the card
2 or form.

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

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

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

15 SECTION 34. Section 2001.351, Occupations Code, is amended
16 to read as follows:

17 Sec. 2001.351. DENIAL OF LICENSE. (a) The commission may
18 deny an application for a license or renewal of a license issued
19 under this chapter for a cause that would permit or require the
20 suspension or revocation of a license issued under this chapter.

21 (b) In making a determination whether to renew a license,
22 the commission shall consider the compliance history of a license
23 holder. The commission shall adopt rules to govern the specific
24 areas of compliance history that may be considered in the renewal
25 determination.

26 (c) After an opportunity for a hearing, the commission may
27 deny an application for renewal of a license if the applicant's

1 compliance history reveals conduct that is inconsistent with this
2 chapter or the commission's rules adopted under this chapter in the
3 specific areas considered by the commission in accordance with the
4 rules adopted under Subsection (b).

5 SECTION 35. Section 2001.355, Occupations Code, is amended
6 by amending Subsection (b) and adding Subsection (d) to read as
7 follows:

8 (b) Before temporarily suspending a license, the director
9 of bingo operations must follow any prehearing rules adopted by the
10 commission to determine if the license holder's continued operation
11 may constitute:

12 (1) an immediate threat to the health, safety, morals,
13 or welfare of the public; or

14 (2) a financial loss to this state, which includes a
15 license holder's failure to remit taxes under Section 2001.501 or
16 prize fee payments under Section 2001.502 to the commission as
17 required by those sections.

18 (d) The commission shall adopt rules to govern the temporary
19 suspension of a license under this section.

20 SECTION 36. Subsection (a), Section 2001.406, Occupations
21 Code, is amended to read as follows:

22 (a) The rent charged by a licensed commercial lessor to a
23 licensed authorized organization to conduct bingo may not exceed
24 \$600 for each bingo occasion conducted on the lessor's premises
25 ~~[unless the organization subleases the premises to one or more~~
26 ~~other licensed authorized organizations to conduct bingo, in which~~
27 ~~event the rent charged by the licensed commercial lessor may not~~

1 ~~exceed \$600 for each day]~~.

2 SECTION 37. Section 2001.411, Occupations Code, is amended
3 by adding Subsection (e) to read as follows:

4 (e) The commission may not prohibit an operator responsible
5 for conducting, promoting, or administering bingo from acting as a
6 bingo caller for a licensed authorized organization during a bingo
7 occasion. This subsection does not relieve the operator of the duty
8 to be available to a commission employee or bingo player if required
9 by this chapter.

10 SECTION 38. Subchapter I, Chapter 2001, Occupations Code,
11 is amended by adding Section 2001.4115 to read as follows:

12 Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO EMPLOYEES. Two
13 or more licensed authorized organizations conducting bingo at the
14 same premises may jointly hire bingo employees. One organization
15 may act as the employee's employer and the other organization may
16 reimburse the employing organization for the other organization's
17 share of the employee's compensation and other employment-related
18 costs. A reimbursement under this section is an authorized expense
19 and must be made from the bingo account of the reimbursing
20 organization.

21 SECTION 39. Section 2001.413, Occupations Code, is amended
22 to read as follows:

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

27 SECTION 40. Section 2001.415, Occupations Code, is amended

1 to read as follows:

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

5 (b) A licensed authorized organization, licensed commercial
6 lessor, or the commission may include in an advertisement or
7 promotion the amount of a prize or series of prizes offered at a
8 bingo occasion.

9 SECTION 41. Subchapter I, Chapter 2001, Occupations Code,
10 is amended by adding Section 2001.4155 to read as follows:

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

16 (b) A licensed authorized organization or licensed
17 commercial lessor that distributes or accepts a gift certificate
18 must keep adequate records relating to the gift certificate as
19 provided by commission rule.

20 SECTION 42. Chapter 2001, Occupations Code, is amended by
21 adding Subchapter I-1 to read as follows:

22 SUBCHAPTER I-1. UNIT ACCOUNTING

23 Sec. 2001.431. DEFINITIONS. In this subchapter:

24 (1) "Unit" means two or more licensed authorized
25 organizations that conduct bingo at the same location joining
26 together to share revenues, authorized expenses, and inventory
27 related to bingo operations.

1 (2) "Unit accounting" means a method by which licensed
2 authorized organizations that are members of a unit account for the
3 sharing of revenues, authorized expenses, and inventory related to
4 bingo operations.

5 (3) "Unit accounting agreement" means a written
6 agreement by all the licensed authorized organizations that are
7 members of a unit that contains, at a minimum:

8 (A) the taxpayer name and number of each licensed
9 authorized organization that is a member of the unit;

10 (B) the method by which the net proceeds of the
11 bingo operations of the unit will be apportioned among the members
12 of the unit;

13 (C) the name of the unit manager or designated
14 agent of the unit; and

15 (D) the methods by which the unit may be
16 dissolved and by which one or more members of the unit may withdraw
17 from participation in the unit, including the distribution of
18 funds, records, and inventory and the allocation of authorized
19 expenses and liabilities on dissolution or withdrawal of one or
20 more members of the unit.

21 (4) "Unit manager" means an individual licensed under
22 this subchapter to be responsible for the revenues, authorized
23 expenses, and inventory of a unit.

24 Sec. 2001.432. FORMING ACCOUNTING UNIT. (a) Two or more
25 licensed authorized organizations may form and operate a unit as
26 provided by this subchapter by:

27 (1) executing a unit accounting agreement; and

1 (2) stating in the unit accounting agreement whether
2 the unit will use:

3 (A) a unit manager; or

4 (B) a designated agent.

5 (b) More than one unit may be formed at a single location. A
6 licensed authorized organization may not be a member of more than
7 one unit.

8 (c) This subchapter does not require a licensed authorized
9 organization to join a unit. Except as provided by Subsection (d),
10 whether to join or withdraw from a unit is at the discretion of each
11 licensed authorized organization.

12 (d) The members of a unit may determine whether to allow
13 another licensed authorized organization to join the unit. The
14 terms of the withdrawal of a member from the unit are governed by
15 the unit accounting agreement.

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

20 Sec. 2001.434. CONDUCT OF BINGO. (a) Each licensed
21 authorized organization that is a member of a unit shall conduct its
22 bingo games separately from the bingo games of the other members of
23 the unit.

24 (b) A unit may purchase or lease bingo supplies and
25 equipment in the same manner as a licensed authorized organization.

26 (c) A licensed distributor may sell or lease bingo supplies
27 or equipment to a unit in the same manner as the distributor sells

1 or leases bingo supplies and equipment to a licensed authorized
2 organization.

3 Sec. 2001.435. UNIT ACCOUNTING. (a) A unit:

4 (1) shall establish and maintain one checking account
5 designated as the unit's bingo account;

6 (2) shall maintain one inventory of bingo supplies and
7 equipment for use in the bingo operations of members of the unit;
8 and

9 (3) may maintain an interest-bearing savings account
10 designated as the unit's bingo savings account.

11 (b) Each member of a unit shall deposit into the unit's
12 bingo account all funds derived from the conduct of bingo, less the
13 amount awarded as cash prizes under Sections 2001.420(a) and (b).
14 The deposit shall be made not later than the next business day after
15 the day of the bingo occasion on which the receipts were obtained.

16 (c) All authorized expenses and distributions of the unit
17 and its members shall be paid from the unit's bingo checking
18 account.

19 Sec. 2001.436. DISBURSEMENT OF FUNDS BY DISSOLVED UNIT.

20 (a) Sections 2001.457(a) and (b) apply to a unit formed under this
21 subchapter. For purposes of this subchapter, the requirements of
22 Sections 2001.457(a) and (b) that are applicable to a licensed
23 authorized organization shall be applied to a unit.

24 (b) A unit that has dissolved for any reason and has
25 unexpended bingo funds shall disburse those funds to the bingo
26 account of each member of the unit before the end of the next
27 calendar quarter after the calendar quarter in which the unit

1 dissolves.

2 (c) For purposes of the application of Sections 2001.457(a)
3 and (b) to a unit under this section:

4 (1) "adjusted gross receipts" means gross receipts
5 less the amount of cost of goods purchased by a unit and prizes paid
6 in the preceding quarter; and

7 (2) "cost of goods purchased by a unit" means the cost
8 of bingo paper and pull-tab bingo tickets purchased by the unit and
9 payments to distributors for electronic card-minding devices.

10 Sec. 2001.437. UNIT MANAGER; LICENSE. (a) If the unit
11 accounting agreement of a unit states that a unit manager is
12 responsible for compliance with commission rules and this chapter,
13 the unit manager is responsible for:

14 (1) the filing of one quarterly report for the unit on
15 a form prescribed by the commission; and

16 (2) the payment of taxes and fees and the maintenance
17 of the bingo inventory and financial records of the unit.

18 (b) A unit with a unit manager shall notify the commission
19 of the name of the unit manager and immediately notify the
20 commission of any change of unit manager.

21 (c) A person may not provide services as a unit manager to
22 licensed authorized organizations that form a unit unless the
23 person holds a unit manager license under this subchapter. A person
24 designated as an agent under Section 2001.438(b) is not a unit
25 manager on account of that designation for purposes of this
26 section.

27 (d) An applicant for a unit manager license must file with

1 the commission a written application on a form prescribed by the
2 commission that includes:

3 (1) the name and address of the applicant;

4 (2) information regarding whether the applicant, or
5 any officer, director, or employee of the applicant, has been
6 convicted of a felony, criminal fraud, gambling or gambling-related
7 offense, or crime of moral turpitude; and

8 (3) any other information required by commission rule.

9 (e) The commission by rule shall establish an annual license
10 fee for a unit manager license in an amount reasonable to defray
11 administrative costs plus any costs incurred to conduct a criminal
12 background check.

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

15 (g) A person is not eligible for a unit manager license
16 under this subchapter if the person, or any officer, director, or
17 employee of the person:

18 (1) has been convicted of a felony, criminal fraud, a
19 gambling or gambling-related offense, or crime of moral turpitude,
20 if less than 10 years has elapsed since the termination of a
21 sentence, parole, or community supervision served for the offense;

22 (2) is an owner, officer, or director of a licensed
23 commercial lessor, is employed by a licensed commercial lessor, or
24 is related to a licensed commercial lessor within the second degree
25 by consanguinity or affinity, unless the holder of the license is a
26 licensed authorized organization or an association of licensed
27 authorized organizations; or

1 (3) holds or is listed on another license under this
2 chapter, unless the holder of the license is a licensed authorized
3 organization or an association of licensed authorized
4 organizations.

5 (h) A unit manager must complete the training required by
6 Section 2001.107.

7 Sec. 2001.438. AGREEMENT WITHOUT UNIT MANAGER. (a) This
8 section applies to a unit if the unit accounting agreement for the
9 unit:

10 (1) does not state that a unit manager will be
11 responsible for compliance with the rules of the commission and
12 this chapter; or

13 (2) states that the unit will use a designated agent.

14 (b) The unit shall designate with the commission an agent
15 who will be responsible for providing the commission access to all
16 inventory and financial records of the unit on request of the
17 commission.

18 (c) The agent designated under Subsection (b) may not:

19 (1) hold or be listed on another license issued under
20 this chapter, unless the holder of the license is a licensed
21 authorized organization or an association of licensed authorized
22 organizations; or

23 (2) be an owner, officer, or director of a licensed
24 commercial lessor, be employed by a licensed commercial lessor, or
25 be related to a licensed commercial lessor within the second degree
26 by consanguinity or affinity, unless the holder of the license is a
27 licensed authorized organization or an association of licensed

1 authorized organizations.

2 (d) The unit shall immediately notify the commission of any
3 change in the agent designated under Subsection (b).

4 (e) The designated agent must complete the training
5 required by Section 2001.107.

6 (f) Each licensed authorized organization that is a member
7 of the unit shall be jointly and severally liable for:

8 (1) compliance with the requirements of this
9 subchapter and the rules of the commission relating to the filing of
10 required reports;

11 (2) the maintenance of bingo inventory and financial
12 records; and

13 (3) the payment of taxes, fees, and any penalties
14 imposed for a violation of this subchapter or commission rules
15 related to the operations of the unit.

16 (g) Each licensed authorized organization that is a member
17 of the unit may be made a party to any administrative or judicial
18 action relating to the enforcement of this subchapter or the rules
19 of the commission pertaining to the operation of the unit.

20 Sec. 2001.439. TRUST AGREEMENT. (a) Notwithstanding any
21 other provision of this subchapter, a unit may be formed pursuant to
22 a trust agreement between two or more licensed authorized
23 organizations that conduct bingo at the same location. The
24 agreement must:

25 (1) designate one of the organizations as the trustee;

26 (2) designate a person who will carry out the duties
27 described by Section 2001.438(b);

1 (3) specify the method by which the unit will comply
2 with the requirements of Section 2001.436(a); and

3 (4) state that the trustee is responsible for
4 compliance with the rules of the commission and this chapter.

5 (b) The commission by rule may prohibit a person from
6 serving as a unit manager or as a designated agent for a unit that
7 does not use a unit manager if the person has failed to comply with
8 the duties required of the person as a unit manager or designated
9 agent.

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

19 SECTION 43. Section 2001.451, Occupations Code, is amended
20 by amending Subsection (b) and adding Subsections (b-1) and (g)
21 through (k) to read as follows:

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

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

5 (g) The commission shall adopt rules establishing a limit on
6 the amount of operating capital that a licensed authorized
7 organization may retain in the organization's bingo account
8 according to the licensed authorized organization's class
9 designation, as provided under Section 2001.104(a). The amount of
10 retained operating capital allowed under this subsection shall not
11 be less than the licensed authorized organization's actual average
12 bingo occasion expenses, less prizes paid, based on the preceding
13 four quarters multiplied by the average number of occasions per
14 quarter, and can be no greater than \$50,000.

15 (h) A licensed authorized organization's bingo operations
16 must result in net proceeds being earned by the organization over
17 the organization's license period.

18 (i) Notwithstanding Subsection (g):

19 (1) on September 1, 2003, if an organization has a
20 balance in its bingo account of more than the maximum amount of
21 operating capital allowed under rules adopted by the commission
22 under that subsection, the organization shall distribute the funds
23 in excess of its maximum operating capital to charitable purposes
24 within:

25 (A) one year if the excess amount is less than 200
26 percent of the maximum amount of operating capital;

27 (B) two years if the excess amount is more than

1 200 percent but less than 300 percent of the maximum amount of
2 operating capital; or

3 (C) three years if the excess amount is 300
4 percent or more of the maximum amount of operating capital;

5 (2) a licensed authorized organization may transfer
6 net proceeds of bingo from its bingo savings account or its general
7 fund into the bingo account if the balance in the bingo account is
8 less than the maximum amount of operating capital allowed by this
9 section and the organization notifies the commission not later than
10 the seventh working day after the date of the transfer; and

11 (3) the commission by rule shall provide for a maximum
12 amount of operating capital that may be maintained in the bingo
13 account by a licensed authorized organization:

14 (A) that has conducted bingo for less than one
15 year; or

16 (B) that experiences circumstances beyond the
17 control of the organization, such as force majeure.

18 (j) A licensed authorized organization may apply for and the
19 commission may grant approval of a waiver of the requirements of
20 Subsection (i)(1) or Section 2001.457 if the organization
21 establishes good cause why complying with the requirements will
22 work to the detriment of the existing or planned charitable
23 purposes of the organization.

24 (k) This subsection and Subsection (i)(1) expire
25 September 1, 2006.

26 SECTION 44. Section 2001.454, Occupations Code, is amended
27 to read as follows:

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

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

5 (b) Except as otherwise provided by law, the [~~The~~] net
6 proceeds derived from bingo and any rental of premises are
7 dedicated to the [~~a~~] charitable purposes of the organization
8 [~~purpose~~] only if directed to a cause, deed, or activity that is
9 consistent with the federal tax exemption under which the
10 organization qualifies as a nonprofit organization as defined by
11 Section 2001.002[~~+~~

12 ~~[(1) benefits an indefinite number of needy or~~
13 ~~deserving persons in this state by:~~

14 ~~[(A) enhancing their opportunity for religious~~
15 ~~or educational advancement;~~

16 ~~[(B) relieving them from disease, suffering, or~~
17 ~~distress;~~

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

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

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

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

27 SECTION 45. Subsections (a), (b), and (d), Section

1 2001.457, Occupations Code, are amended to read as follows:

2 (a) Before the end of each quarter, a licensed authorized
 3 organization shall disburse for charitable purposes all [~~an amount~~
 4 ~~not less than 35 percent~~] of the organization's adjusted gross
 5 receipts from the preceding quarter, except for the amount that may
 6 be retained as provided by Section 2001.451(g) [~~, less the amount of~~
 7 ~~authorized expenses not to exceed six percent of the gross~~
 8 ~~receipts~~].

9 (b) The commission shall sanction [~~If~~] a licensed
 10 authorized organization that fails to make [~~meet~~] the disbursement
 11 required by Subsection (a) or to make any disbursement for
 12 charitable purposes [~~requirements of this section~~] for a quarter.
 13 The [~~, the~~] commission in applying appropriate sanctions may
 14 consider whether, taking into account the amount required to be
 15 distributed during that quarter and the three preceding quarters
 16 and the charitable distributions for each of those quarters, the
 17 organization has distributed a total amount sufficient to have met
 18 the disbursement requirements [~~35 percent requirement~~] for that
 19 quarter and the three preceding quarters combined.

20 (d) In this section, "adjusted [+

21 [~~(1) "Adjusted~~] gross receipts" means gross receipts
 22 less the total [~~amount of cost of goods purchased by an organization~~
 23 ~~and~~] prizes paid in the preceding quarter [+] and the licensed
 24 authorized organization's reasonable and necessary expenses as
 25 provided by Sections 2001.458 and 2001.459 and by commission rule

26 [~~(2) "Cost of goods purchased by an organization"~~
 27 ~~means the cost of bingo paper or pull-tab bingo tickets purchased by~~

1 ~~the organization~~].

2 SECTION 46. Subsection (a), Section 2001.458, Occupations
3 Code, is amended to read as follows:

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

8 (1) advertising, including the cost of bingo gift
9 certificates;

10 (2) security;

11 (3) repair or maintenance of ~~[repairs to]~~ premises and
12 equipment;

13 (4) bingo supplies and equipment;

14 (5) prizes;

15 (6) stated rental or mortgage and insurance expenses;

16 (7) bookkeeping, legal, or accounting services
17 related to bingo;

18 (8) fees ~~[in amounts authorized by the commission]~~ for
19 callers, cashiers, ushers, sales personnel, janitorial services,
20 and utility supplies and services; ~~[and]~~

21 (9) license fees;

22 (10) attending a bingo seminar or convention;

23 (11) debit card transaction fees; and

24 (12) a salary for a manager to act as the operator
25 responsible for conducting, promoting, or administering bingo.

26 SECTION 47. Subsection (a), Section 2001.459, Occupations
27 Code, is amended to read as follows:

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

4 (1) advertising, including the cost of bingo gift
5 certificates;

6 (2) security during a bingo occasion;

7 (3) the purchase or repair of bingo supplies and
8 equipment;

9 (4) prizes, other than authorized cash prizes;

10 (5) stated rental expenses;

11 (6) bookkeeping, legal, or accounting services;

12 (7) fees for callers, cashiers, and ushers;

13 (8) janitorial services;

14 (9) license fees; and

15 (10) payment for services provided by a system service
16 provider.

17 SECTION 48. Subsection (a), Section 2001.504, Occupations
18 Code, is amended to read as follows:

19 (a) A tax or fee authorized or imposed under this subchapter
20 is due and is payable by the license holder or a person conducting
21 bingo without a license to the commission quarterly on or before the
22 25th [~~15th~~] day of the month succeeding each calendar quarter.

23 SECTION 49. Subchapter M, Chapter 2001, Occupations Code,
24 is amended by adding Section 2001.6015 to read as follows:

25 Sec. 2001.6015. ADMINISTRATIVE PENALTY SCHEDULE; TIMELINE.

26 (a) The commission by rule shall adopt an administrative penalty
27 schedule to define and summarize violations of this chapter or

1 commission rules adopted under this chapter to ensure the amounts
2 of penalties imposed are appropriate to the violation.

3 (b) The administrative penalty schedule must:

4 (1) allow deviations from the schedule for mitigating
5 circumstances clearly established by the commission;

6 (2) include a list of the most common violations and
7 the penalty amounts assessed for those violations; and

8 (3) provide the penalty amount in accordance with the
9 seriousness or frequency of each type of violation.

10 (c) The commission by rule shall establish a timeline for
11 the resolution of a violation of this chapter or commission rules
12 adopted under this chapter. The rules must include:

13 (1) a designated period for a person licensed under
14 this chapter to provide proof of corrective measures taken as
15 required by the commission for a violation of this chapter or
16 commission rules; and

17 (2) an approach and a designated period for the
18 commission to subsequently monitor a person found to have committed
19 a significant violation of this chapter or commission rules.

20 SECTION 50. The following statutes are repealed:

21 (1) Section 466.003, Government Code;

22 (2) Subsection (b), Section 2001.057, Occupations
23 Code;

24 (3) Subsection (b), Section 2001.409, Occupations
25 Code; and

26 (4) Subsection (c), Section 2001.410, Occupations
27 Code.

1 SECTION 51. The change in law made by this Act relating to a
2 license issued under Chapter 2001, Occupations Code, applies only
3 to the license of a person who files an application with the Texas
4 Lottery Commission for a license or the renewal of a license under
5 Chapter 2001, Occupations Code, on or after the effective date of
6 this Act. The license of a person who files an application before
7 the effective date of this Act is governed by the law in effect on
8 the date the application was filed, and the former law is continued
9 in effect for that purpose.

10 SECTION 52. (a) Not later than January 1, 2004, the Texas
11 Lottery Commission shall:

12 (1) adopt the rules and procedures required by Section
13 466.1005, Government Code, and Subchapter I-1, Chapter 2001,
14 Occupations Code, as added by this Act; and

15 (2) adopt the rules required by:

16 (A) Subsection (d), Section 466.158, Government
17 Code, as added by this Act;

18 (B) Section 2001.3015, Occupations Code, as
19 added by this Act; and

20 (C) Sections 2001.101, 2001.355, 2001.451, and
21 2001.458, Occupations Code, as amended by this Act.

22 (b) Not later than September 1, 2004, the Texas Lottery
23 Commission shall:

24 (1) adopt the comprehensive business plan required by
25 Section 466.026, Government Code, as added by this Act;

26 (2) adopt the rules required by Section 2001.0555,
27 Occupations Code, as added by this Act; and

1 (3) adopt the administrative penalty schedule and
2 timeline required by Section 2001.6015, Occupations Code, as added
3 by this Act.

4 SECTION 53. (a) The changes in law made by this Act in the
5 prohibitions or qualifications applying to a member of the Texas
6 Lottery Commission do not affect the entitlement of a member
7 serving on the Texas Lottery Commission immediately before
8 September 1, 2003, to continue to serve and function as a member of
9 the Texas Lottery Commission for the remainder of the member's
10 term. Those changes in law apply only to a member appointed on or
11 after September 1, 2003.

12 (b) Promptly after this Act takes effect, the governor shall
13 appoint two additional members to the Texas Lottery Commission. In
14 appointing those members, the governor shall appoint one person to
15 a term expiring February 1, 2007, and one to a term expiring
16 February 1, 2009.

17 (c) The change in law made by this Act to Chapter 467,
18 Government Code, relating to the investigation of a complaint
19 applies only to a complaint filed with the Texas Lottery Commission
20 on or after September 1, 2003. A complaint filed with the
21 commission or a division of the commission before September 1,
22 2003, is governed by the law as it existed immediately before that
23 date, and the former law is continued in effect for that purpose.

24 (d) The change in law made by this Act requiring the Texas
25 Lottery Commission to approve a procurement applies only to a
26 procurement or a contract for a procurement made on or after the
27 effective date of this Act. A procurement or procurement contract

1 made before the effective date of this Act is governed by the law in
2 effect when the procurement or contract was made, and the former law
3 is continued in effect for that purpose.

4 (e) The changes in law made by this Act governing
5 eligibility of a person for a license apply only to the issuance or
6 renewal of a license by the Texas Lottery Commission under Chapter
7 466, Government Code, as amended by this Act, or Chapter 2001,
8 Occupations Code, as amended by this Act, on or after the effective
9 date of this Act. A license issued by the Texas Lottery Commission
10 under either of those laws before the effective date of this Act is
11 governed by the applicable licensing requirements in effect when
12 the license was last issued or renewed until the license expires or
13 is renewed as provided by Chapter 466, Government Code, as amended
14 by this Act, or Chapter 2001, Occupations Code, as amended by this
15 Act.

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

24 SECTION 54. This Act takes effect September 1, 2003.