

By: Jackson

S.B. No. 270

Substitute the following for S.B. No. 270:

By: Wilson

C.S.S.B. No. 270

A BILL TO BE ENTITLED

1

AN ACT

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

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

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

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

10 SECTION 2. Section 466.022(b), Government Code, is amended
11 to read as follows:

12 (b) In addition to commission records excepted from
13 disclosure under Chapter 552, the following information is
14 confidential and is exempt from disclosure:

15 (1) security plans and procedures of the commission
16 designed to ensure the integrity and security of the operation of
17 the lottery;

18 (2) information of a nature that is designed to ensure
19 the integrity and security of the selection of winning tickets or
20 numbers in the lottery, other than information describing the
21 general procedures for selecting winning tickets or numbers; ~~and~~

22 (3) the street address and telephone number of a prize
23 winner, if the prize winner has not consented to the release of the
24 information; and

1 (4) personal information identifying an individual
2 collected as part of a player informational database.

3 SECTION 3. Subchapter B, Chapter 466, Government Code, is
4 amended by adding Section 466.026 to read as follows:

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

9 (1) a description of each commission program and
10 project;

11 (2) key management information;

12 (3) accurate financial data; and

13 (4) a detailed financial management plan.

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

17 SECTION 4. Subchapter B, Chapter 466, Government Code, is
18 amended by adding Section 466.0245 to read as follows:

19 Sec. 466.0245. PROHIBITED GAMING MACHINES; DUTIES OF
20 COMPTROLLER. (a) In this section, "prohibited gaming machine"
21 means a machine that is:

22 (1) prohibited under this chapter; or

23 (2) a gambling device, as defined by Section 47.01,
24 Penal Code, that is possessed, used, exhibited, or displayed in a
25 manner that violates Chapter 47, Penal Code.

26 (b) The comptroller or an authorized representative of the
27 comptroller may seal a prohibited gaming machine in a manner that

1 prevents the full operation of the machine.

2 (c) The comptroller may assess a penalty of not less than
3 \$500 and not more than \$10,000 against a person who exhibits,
4 displays, or provides to another a prohibited gaming machine.

5 (d) Notwithstanding the penalty provided by other law, an
6 offense under Section 2153.355(a)(5), (6), or (7), Occupations
7 Code, or under Section 2153.361, Occupations Code, is a Class A
8 misdemeanor if the offense involves a prohibited gaming machine.

9 (e) In addition to the amounts allocated under Section
10 466.355(b), \$5 million is allocated from the state lottery account
11 in each fiscal biennium to the comptroller to enforce this section.

12 SECTION 5. Subchapter C, Chapter 466, Government Code, is
13 amended by adding Section 466.1005 to read as follows:

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

18 (b) The commission shall review and must approve all major
19 procurements as provided by commission rule. The commission by
20 rule shall establish a procedure to determine what constitutes a
21 major procurement based on the cumulative value of a contract and
22 other relevant factors.

23 (c) The commission may delegate to the executive director
24 the authority to approve procurements other than major
25 procurements.

26 SECTION 6. Sections 466.101(a) and (b), Government Code,
27 are amended to read as follows:

1 (a) The commission and executive director may establish
2 procedures for the purchase or lease of facilities, goods, and
3 services and make any purchases, leases, or contracts that are
4 necessary for carrying out the purposes of this chapter. The
5 procedures must, as determined feasible and appropriate by the
6 commission and executive director, promote competition to the
7 maximum extent possible.

8 (b) In all procurement decisions, the commission and
9 executive director shall take into account the particularly
10 sensitive nature of the lottery and shall act to promote and ensure
11 integrity, security, honesty, and fairness in the operation and
12 administration of the lottery and the objective of producing
13 revenues for the state treasury.

14 SECTION 7. Subchapter C, Chapter 466, Government Code, is
15 amended by adding Section 466.111 to read as follows:

16 Sec. 466.111. SALE OF LOTTERY PROMOTIONAL MERCHANDISE. (a)
17 The commission may make available for sale to the public lottery
18 promotional merchandise to market and promote ticket sales.

19 (b) The executive director shall propose rules to be adopted
20 by the commission regarding sales of lottery promotional
21 merchandise, including the method for pricing, advertising,
22 purchasing, and selling lottery promotional merchandise.

23 (c) Proceeds from the sale of lottery promotional
24 merchandise, less the cost of advertising the sale and any related
25 expenses, shall be deposited to the credit of the general revenue
26 fund.

27 SECTION 8. Section 466.151, Government Code, is amended by

1 amending Subsection (d) and adding Subsection (f) to read as
2 follows:

3 (d) The director may license as a sales agent each person
4 the director believes will best serve the public convenience. The
5 director may not issue a license to a person to engage in business
6 exclusively as a sales agent. A license may not be transferred or
7 assigned to any other person [~~or location~~].

8 (f) On application by a sales agent the director may amend
9 the sales agent's license to change the location of the sales
10 agency, if the proposed location complies with this chapter. The
11 application must be on a form prescribed by the director and be
12 accompanied by a fee in an amount determined by the director to be
13 at least sufficient to cover the costs incurred by the division for
14 processing the license amendment. The sales agent must certify to
15 the director that the proposed location complies with the Americans
16 with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.).

17 SECTION 9. Section 466.155(a), Government Code, is amended
18 to read as follows:

19 (a) After a hearing, the director shall deny an application
20 for a license or the commission shall suspend or revoke a license if
21 the director or commission, as applicable, finds that the applicant
22 or sales agent:

23 (1) is an individual who:

24 (A) has been convicted of a felony, criminal
25 fraud, gambling or a gambling-related offense, or a misdemeanor
26 involving moral turpitude, if less than 10 years has elapsed since
27 the termination of the sentence, parole, mandatory supervision, or

1 probation served for the offense;

2 (B) is or has been a professional gambler;

3 (C) is married to an individual:

4 (i) described in Paragraph (A) or (B); or

5 (ii) who is currently delinquent in the
6 payment of any state tax;

7 (D) is an officer or employee of the commission
8 or a lottery operator; or

9 (E) is a spouse, child, brother, sister, or
10 parent residing as a member of the same household in the principal
11 place of residence of a person described by Paragraph (D);

12 (2) is not an individual, and an individual described
13 in Subdivision (1):

14 (A) is an officer or director of the applicant or
15 sales agent;

16 (B) holds more than 10 percent of the stock in the
17 applicant or sales agent;

18 (C) holds an equitable interest greater than 10
19 percent in the applicant or sales agent;

20 (D) is a creditor of the applicant or sales agent
21 who holds more than 10 percent of the applicant's or sales agent's
22 outstanding debt;

23 (E) is the owner or lessee of a business that the
24 applicant or sales agent conducts or through which the applicant
25 will conduct a ticket sales agency;

26 (F) shares or will share in the profits, other
27 than stock dividends, of the applicant or sales agent; or

1 (G) participates in managing the affairs of the
2 applicant or sales agent;

3 (3) has been finally determined to be:

4 (A) delinquent in the payment of a tax or other
5 money collected by the comptroller, the Texas Workforce Commission,
6 or the Texas Alcoholic Beverage Commission;

7 (B) in default on a loan made under Chapter 52,
8 Education Code; or

9 (C) in default on a loan guaranteed under Chapter
10 57, Education Code;

11 (4) is a person whose location for the sales agency is:

12 (A) a location licensed for games of bingo under
13 Chapter 2001, Occupations Code;

14 (B) on land that is owned by:

15 (i) this state; or

16 (ii) a political subdivision of this state
17 and on which is located a public primary or secondary school, an
18 institution of higher education, or an agency of the state; or

19 (C) a location:

20 (i) in a facility that shares a common roof
21 or common foundation with a location at which a gambling device, as
22 defined by Section 47.01, Penal Code, is operated or located; or

23 (ii) within 150 feet of the common roof or
24 common foundation described by Subparagraph (i) [~~a location for~~
25 ~~which a person holds a wine and beer retailer's permit, mixed~~
26 ~~beverage permit, mixed beverage late hours permit, private club~~
27 ~~registration permit, or private club late hours permit issued under~~

1 ~~Chapter 25, 28, 29, 32, or 33, Alcoholic Beverage Code]~~; or

2 (5) has violated this chapter or a rule adopted under
3 this chapter.

4 SECTION 10. Section 466.158, Government Code, is amended by
5 adding Subsections (d), (e), and (f) to read as follows:

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

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

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

25 SECTION 11. Section 466.160(a), Government Code, is amended
26 to read as follows:

27 (a) The commission may suspend a sales agent's license

1 summarily without notice or hearing if the commission finds that
2 the action is necessary to maintain the integrity, security,
3 honesty, or fairness of the operation or administration of the
4 lottery or to prevent financial loss to the state and:

5 (1) the sales agent fails to deposit money received
6 from ticket sales under Section 466.351;

7 (2) an event occurs that would render the sales agent
8 ineligible for a license under Section 466.155;

9 (3) the sales agent refuses to permit the executive
10 director, the director, the commission, or the state auditor to
11 examine the agent's books, records, papers, or other objects under
12 Section 466.017(b); [~~or~~]

13 (4) the executive director learns the sales agent has
14 failed to disclose information that would, if disclosed, render the
15 sales agent ineligible for a license under Section 466.155; or

16 (5) the sales agent fails on request to provide a
17 complete legible set of fingerprints of a person required to be
18 named in a license application.

19 SECTION 12. Section 466.202(b), Government Code, is amended
20 to read as follows:

21 (b) The [~~executive~~] director may deny an application for a
22 license or the commission may summarily suspend, suspend, or revoke
23 a license if the applicant or sales agent fails on request to
24 provide a complete legible set of fingerprints of a person required
25 to be named in a license application.

26 SECTION 13. Section 466.353, Government Code, is amended by
27 adding Subsection (c) to read as follows:

1 (c) The failure of a sales agent to notify the director that
2 an individual has ceased to be an officer, director, or owner of a
3 sales agent if that notification is required by Section 466.153
4 does not relieve the former officer, director, or owner from
5 liability under Subsection (b), and the individual is liable under
6 Subsection (b) as if the individual were an officer, director, or
7 owner of the sales agent for any liability that accrues before the
8 sales agent notifies the director that the individual is no longer
9 an officer, director, or owner of the sales agent.

10 SECTION 14. Section 466.355, Government Code, is amended by
11 adding Subsections (d) and (e) to read as follows:

12 (d) In addition to the amounts allocated by Subsection (b),
13 \$5 million is allocated from the state lottery account in each
14 fiscal biennium to the criminal justice division of the governor's
15 office to provide grants to assist local governments in the
16 prosecution of offenses involving gambling devices as defined by
17 Section 47.01, Penal Code.

18 (e) In addition to the amounts allocated by Subsection (b),
19 \$500,000 is allocated from the state lottery account in each fiscal
20 biennium to the comptroller to provide grants to residents of this
21 state to pay the costs of attending a public junior college, public
22 technical institute, or public state college, as those terms are
23 defined by Section 61.003, Education Code. The comptroller by rule
24 shall provide for the administration of the grants as the
25 comptroller determines appropriate to effectively support
26 deserving students pursuing a post-secondary education. The rules
27 must provide for:

1 (1) eligibility of a person for a grant;

2 (2) academic performance requirements for continued
3 eligibility for a grant; and

4 (3) the amount of a grant.

5 SECTION 15. Section 466.402, Government Code, is amended by
6 amending Subsection (d) and adding Subsection (e) to read as
7 follows:

8 (d) A person claiming a lottery prize shall disclose to the
9 commission the person's name and social security number or employer
10 identification number. If the person claiming the prize is a legal
11 entity, the person shall disclose all legal and beneficial
12 interests in the entity to the commission by sworn statement in
13 accordance with commission rules. The name of any person who claims
14 a prize or who is identified as having a legal or beneficial
15 interest in a legal entity that claims a prize is public
16 information. A person's name is confidential until a ticket is
17 validated.

18 (e) The state is discharged of all further liability on the
19 payment of a prize under Section 466.403, 466.404, 466.406,
20 466.407, or 466.410 or this section or under any additional
21 procedures established by rule.

22 SECTION 16. Section 466.405(e), Government Code, is amended
23 to read as follows:

24 (e) In this section:

25 (1) "Custodian" and~~[, "adult," "bank," "custodian,"~~
26 "guardian~~[,]"~~ ~~["member of a minor's family," and "minor"]~~ have the
27 meanings assigned by Section 141.002, Property Code.

1 (2) "Member of a minor's family" means the minor's
2 parent, stepparent, spouse, grandparent, brother, sister, uncle,
3 or aunt, whether of whole or half blood or by adoption.

4 (3) "Minor" means an individual who is younger than 18
5 years of age.

6 SECTION 17. Chapter 466, Government Code, is amended by
7 adding Subchapter J to read as follows:

8 SUBCHAPTER J. PARTICIPATION IN MULTI JURISDICTION

9 LOTTERY GAME

10 Sec. 466.451. MULTI JURISDICTION AGREEMENT AUTHORIZED. The
11 commission may enter into a written agreement with the appropriate
12 officials of one or more other states or other jurisdictions,
13 including foreign countries, to participate in the operation,
14 marketing, and promotion of a multijurisdiction lottery game or
15 games. The commission may adopt rules relating to a
16 multijurisdiction lottery game or games.

17 Sec. 466.452. REVENUE FROM MULTI JURISDICTION LOTTERY. (a)
18 Except as provided by this section, revenue received from the sale
19 of tickets in this state for a multijurisdiction lottery game is
20 subject to Subchapter H.

21 (b) The commission may deposit a portion of the revenue
22 received from the sale of multijurisdiction lottery game tickets in
23 this state into a fund shared with other parties to an agreement
24 under this subchapter for the payment of prizes awarded in
25 multijurisdiction lottery games in which the commission
26 participates. The commission may retain that revenue in the fund
27 for as long as necessary to pay prizes claimed during the period

1 designated for claiming a prize in the multijurisdiction lottery
2 game.

3 Sec. 466.453. PAYMENT OF COSTS AUTHORIZED. The commission
4 may share in the payment of costs associated with participating in
5 multijurisdiction lottery games.

6 SECTION 18. Section 467.002, Government Code, is amended to
7 read as follows:

8 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
9 subject to Chapter 325 (Texas Sunset Act). Unless continued in
10 existence as provided by that chapter, the commission is abolished
11 and this chapter, Chapter 466, and Chapter 2001, Occupations Code,
12 expire [~~Act expires~~] September 1, 2015 [~~2003~~].

13 SECTION 19. Section 467.021(b), Government Code, is amended
14 to read as follows:

15 (b) Appointments [~~In making appointments~~] to the commission
16 shall be made without [~~, the governor shall strive to achieve~~
17 ~~representation by all the population groups of the state with~~
18 regard to the [~~economic status, sex,~~] race, color, disability, sex,
19 religion, age, or national origin of the appointees [~~and~~
20 ~~ethnicity~~].

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

23 (c) A person may not be a commission employee employed in a
24 "bona fide executive, administrative, or professional capacity,"
25 as that phrase is used for purposes of establishing an exemption to
26 the overtime provisions of the federal Fair Labor Standards Act of
27 1938 (29 U.S.C. Section 201 et seq.), and its subsequent

1 amendments, if:

2 (1) the person is an officer, employee, or paid
3 consultant of a Texas trade association in the field of bingo or
4 lottery; or

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

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

12 SECTION 21. Subchapter B, Chapter 467, Government Code, is
13 amended by adding Section 467.0255 to read as follows:

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

19 (b) The training program must provide the person with
20 information regarding:

21 (1) the legislation that created the commission;

22 (2) the programs operated by the commission;

23 (3) the role and functions of the commission;

24 (4) the rules of the commission, with an emphasis on
25 the rules that relate to disciplinary and investigatory authority;

26 (5) the current budget for the commission;

27 (6) the results of the most recent formal audit of the

1 commission;

2 (7) the requirements of:

3 (A) the open meetings law, Chapter 551;

4 (B) the public information law, Chapter 552;

5 (C) the administrative procedure law, Chapter
6 2001; and

7 (D) other laws relating to public officials,
8 including conflict-of-interest laws; and

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

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

16 SECTION 22. Sections 467.026(a) and (c), Government Code,
17 are amended to read as follows:

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

20 (1) does not have at the time of taking office
21 [~~appointment~~] the qualifications required by Sections 467.023 and
22 467.024 [~~for appointment to the commission~~];

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

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

1 (4) cannot discharge the member's duties for a
2 substantial part of the member's term [~~for which the member is~~
3 ~~appointed~~] because of illness or disability; or

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

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

18 SECTION 23. Section 467.032, Government Code, is amended to
19 read as follows:

20 Sec. 467.032. EXECUTIVE DIRECTOR AND BINGO OPERATIONS
21 DIRECTOR. (a) The commission shall employ:

22 (1) an executive director to administer this chapter
23 and Chapter 466; and

24 (2) a director of bingo operations to administer this
25 chapter with regard to the bingo division and Chapter 2001,
26 Occupations Code.

27 (b) The executive director and the bingo operations

1 director serve [~~holds office~~] at the will of the commission and are
2 [~~is~~] specifically exempted from Chapter 654.

3 (c) The bingo operations director has broad authority and
4 shall exercise strict control and close supervision over all bingo
5 games conducted in this state to promote and ensure integrity,
6 security, honesty, and fairness in the administration and
7 regulation of bingo [~~executive director or an acting executive~~
8 ~~director shall be appointed by the commission no later than~~
9 ~~November 1, 1993~~].

10 (d) The bingo operations director may contract with or
11 employ a person to perform a function, activity, or service in
12 connection with the administration and regulation of bingo.

13 SECTION 24. Section 467.033, Government Code, is amended to
14 read as follows:

15 Sec. 467.033. DIVISION DIRECTORS. The executive director
16 shall employ a director to oversee each division other than the
17 bingo division. A division director employed under this section
18 serves at the will of the executive director and is specifically
19 exempted from Chapter 654.

20 SECTION 25. Section 467.034, Government Code, is amended to
21 read as follows:

22 Sec. 467.034. EMPLOYEES. (a) The executive director shall
23 employ other personnel, other than the bingo division personnel,
24 necessary to administer the laws under the commission's
25 jurisdiction. Commission personnel employed under this subsection
26 [~~employees~~] serve at the will of the executive director.

27 (b) The bingo operations director shall employ personnel to

1 administer Chapter 2001, Occupations Code. The personnel serve at
2 the will of the bingo operations director.

3 (c) The executive director shall employ the personnel that
4 perform services for both the lottery and bingo divisions. The
5 personnel serve at the will of the executive director.

6 SECTION 26. Section 467.035(a), Government Code, is amended
7 to read as follows:

8 (a) The commission may not employ or continue to employ a
9 person who:

10 (1) owns a financial interest in:

11 (A) [~~(1)~~] a bingo commercial lessor, bingo
12 distributor, or bingo manufacturer; or

13 (B) [~~(2)~~] a lottery sales agency or a lottery
14 operator; or

15 (2) would be denied a license as a sales agent under
16 Section 466.155.

17 SECTION 27. Subchapter B, Chapter 467, Government Code, is
18 amended by adding Sections 467.037-467.040 to read as 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 28. Subchapter C, Chapter 467, Government Code, is
5 amended by adding Section 467.1015 to read as follows:

6 Sec. 467.1015. COMMISSION EMPLOYEES. The commission may
7 employ other personnel as necessary, including executive
8 assistants, to perform the duties of the commission. A commission
9 employee is exempt from Chapter 654. The commission shall set the
10 salaries of personnel employed under this section.

11 SECTION 29. The heading to Section 467.103, Government
12 Code, is amended to read as follows:

13 Sec. 467.103. DUTIES OF EXECUTIVE DIRECTOR AND BINGO
14 OPERATIONS DIRECTOR.

15 SECTION 30. Section 467.103(a), Government Code, is amended
16 to read as follows:

17 (a) The executive director and bingo operations director
18 shall perform all duties required by the commission to administer
19 this chapter and the laws under the commission's jurisdiction. The
20 executive director and bingo operations director may not hold other
21 employment.

22 SECTION 31. Section 467.104(b), Government Code, is amended
23 to read as follows:

24 (b) The executive director shall keep the records of the
25 commission, except that the bingo operations director shall keep
26 the records of the bingo division.

27 SECTION 32. Subchapter C, Chapter 467, Government Code, is

1 amended by adding Section 467.109 to read as follows:

2 Sec. 467.109. INTELLECTUAL PROPERTY. (a) The commission
3 may:

4 (1) acquire, apply for, register, secure, hold,
5 protect, and renew under the laws of this state, another state, the
6 United States or any nation:

7 (A) a patent for the invention or discovery of:

8 (i) any new use of a known process, art,
9 method, machine, manufacture, composition of matter, or material;
10 or

11 (ii) any new and useful improvement on a
12 known process, art, method, machine, manufacture, composition of
13 matter, or material;

14 (B) a copyright of an original work of authorship
15 fixed in any tangible medium of expression, now known or later
16 developed, from which the work may be perceived, reproduced, or
17 otherwise communicated, either directly or with the aid of a
18 machine or device;

19 (C) a trademark, service mark, collective mark,
20 or certification mark for a word, name, symbol, device, or slogan
21 that the commission uses to identify and distinguish the
22 commission's goods and services from other goods and services; and

23 (D) other evidence of protection or exclusivity
24 issued for intellectual property;

25 (2) contract with a person for the reproduction,
26 distribution, public performance, display, advertising, marketing,
27 lease, licensing, sale, use, or other distribution of the

1 commission's intellectual property;

2 (3) obtain under a contract described by Subdivision
3 (2) a royalty, license right, or other appropriate means of
4 securing reasonable compensation for the exercise of rights with
5 respect to the commission's intellectual property; and

6 (4) waive, increase, or reduce the amount of
7 compensation secured by contract under Subdivision (3) if the
8 commission determines that the waiver or reduction will:

9 (A) further a goal or mission of the commission;
10 and

11 (B) result in a net benefit to this state.

12 (b) Intellectual property of the commission is excepted
13 from required disclosure under Chapter 552:

14 (1) beginning on the date the commission decides to
15 seek a patent, copyright, trademark, service mark, collective mark,
16 certification mark, or other evidence of protection of exclusivity
17 concerning the intellectual property; and

18 (2) ending on the date the commission receives a
19 decision about the commission's application for a patent,
20 copyright, trademark, service mark, collective mark, certification
21 mark, or other evidence of protection of exclusivity concerning the
22 intellectual property.

23 (c) The commission may not be required to disclose a trade
24 secret from the time of inception or creation of the trade secret
25 rights until the trade secret is publicly disclosed by the
26 commission with the intention of publicly disclosing the trade
27 secret.

1 (d) Except as provided by Section 2054.115(c), money paid to
2 the commission under this section shall be deposited to the credit
3 of the general revenue fund.

4 SECTION 33. Subchapter C, Chapter 467, Government Code, is
5 amended by adding Sections 467.110-467.113 to read as follows:

6 Sec. 467.110. TECHNOLOGY POLICY. The commission shall
7 develop and implement a policy requiring the executive director and
8 commission employees to research and propose appropriate
9 technological solutions to improve the commission's ability to
10 perform its functions. The technological solutions must:

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

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

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

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

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

21 Sec. 467.111. NEGOTIATED RULEMAKING AND ALTERNATIVE
22 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
23 implement a policy to encourage the use of:

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

26 (2) appropriate alternative dispute resolution
27 procedures under Chapter 2009 to assist in the resolution of

1 internal and external disputes under the commission's
2 jurisdiction.

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

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

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

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

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

16 Sec. 467.112. PUBLIC PARTICIPATION. The commission shall
17 develop and implement policies that provide the public with a
18 reasonable opportunity to appear before the commission and to speak
19 on any issue under the jurisdiction of the commission.

20 Sec. 467.113. COMPLAINTS. (a) The commission shall
21 maintain a file on each written complaint filed with the commission
22 or a division of the commission. The file must include:

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

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

26 (3) the subject matter of the complaint;

27 (4) the name of each person contacted in relation to

1 the complaint;

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

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

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

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

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

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

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

24 SECTION 34. Sections 2001.002(5) and (6), Occupations Code,
25 are amended to read as follows:

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

1 (A) includes:

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

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

7 (iii) a pull-tab dispenser;

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

9 (v) a bingo ball; and

10 (vi) [~~v~~] any other device commonly used
11 in the direct operation of a bingo game; and

12 (B) does not include:

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

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

19 (6) "Bingo occasion" means ~~[all activities incident to~~
20 ~~the conduct of a series of bingo games by a licensed authorized~~
21 ~~organization, including]~~ the organization's licensed times ~~[and~~
22 ~~any preparatory or concluding activities incident to the conduct of~~
23 ~~bingo]~~.

24 SECTION 35. Section 2001.055, Occupations Code, is amended
25 to read as follows:

26 Sec. 2001.055. REGULATION OF GAMES. (a) The commission by
27 rule may establish the number and type of bingo games that may be

1 played during a bingo occasion.

2 (b) The commission, to the extent consistent with this
3 chapter, shall reasonably support the efforts of licensed
4 authorized organizations to develop and offer new types of bingo
5 games and to apply new technology to bingo games.

6 SECTION 36. Subchapter B, Chapter 2001, Occupations Code,
7 is amended by adding Section 2001.0555 to read as follows:

8 Sec. 2001.0555. COMPLIANCE MONITORING. The commission
9 shall adopt rules to govern the commission's monitoring of a
10 license holder to determine if the license holder is in compliance
11 with this chapter or rules adopted under this chapter. The rules
12 must at a minimum address audits and inspections and other
13 compliance and enforcement activities.

14 SECTION 37. Section 2001.057, Occupations Code, is amended
15 by adding Subsections (h) and (i) to read as follows:

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

- 19 (1) assess trends in the charitable bingo industry;
20 (2) review bingo rules to determine whether changes,
21 additions, or deletions are needed; and
22 (3) address other issues as determined by the
23 commission.

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

- 26 (1) assess the committee's accomplishments during the
27 year;

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

3 (3) develop specific recommendations for commission
4 action.

5 SECTION 38. Subchapter B, Chapter 2001, Occupations Code,
6 is amended by adding Section 2001.059 to read as follows:

7 Sec. 2001.059. ADVISORY OPINIONS. (a) A person may request
8 from the director of bingo operations an advisory opinion regarding
9 compliance with this chapter and the rules of the commission
10 relating to the enforcement or administration of this chapter. An
11 advisory opinion is not subject to the rulemaking provisions of
12 Chapter 2001, Government Code.

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

25 (c) A person who requests an advisory opinion under
26 Subsection (a) may act in reliance on the opinion in the conduct of
27 any activity under any license issued under this chapter if the

1 conduct is substantially consistent with the opinion and the facts
2 stated in the request.

3 SECTION 39. Section 2001.101, Occupations Code, is amended
4 to read as follows:

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

10 (1) a religious society [~~that has existed in this~~
11 ~~state for at least eight years~~];

12 (2) a nonprofit organization:

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

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

16 (i) has [~~must have had~~] a governing body or
17 officers elected by a vote of members or by a vote of delegates
18 elected by the members; or

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

22 (3) a fraternal organization;

23 (4) a veterans organization; or

24 (5) a volunteer fire department.

25 (b) A fraternal organization:

26 (1) [~~must have been organized in this state for at~~
27 ~~least three years~~];

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

4 (2) ~~[(3)]~~ may not have authorized a person on behalf
5 of its membership, governing body, or officers to support or oppose
6 a particular candidate for public office by:

7 (A) making political speeches;

8 (B) passing out cards or other political
9 literature;

10 (C) writing letters;

11 (D) signing or circulating petitions;

12 (E) making campaign contributions; or

13 (F) soliciting votes.

14 SECTION 40. Section 2001.102(b), Occupations Code, is
15 amended to read as follows:

16 (b) The application must include:

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

18 (2) the names and addresses of the applicant's
19 officers and directors;

20 (3) the address of the premises where and the time when
21 the applicant intends to conduct bingo under the license sought;

22 (4) the name and address of the licensed commercial
23 lessor of the premises, if the applicant intends to lease premises
24 to conduct bingo from a person other than an authorized
25 organization;

26 (5) the capacity or potential capacity for public
27 assembly in any premises owned or occupied by the applicant;

1 (6) the amount of rent to be paid or other
2 consideration to be given, directly or indirectly, for each
3 occasion for use of the premises of another licensed authorized
4 organization or for use of the premises of a licensed commercial
5 lessor;

6 (7) all other items of expense intended to be incurred
7 or paid in connection with conducting, promoting, and administering
8 bingo and the names and addresses of the persons to whom, and the
9 purposes for which, the expenses are to be paid;

10 (8) the specific purposes to and the manner in which
11 the net proceeds of bingo are to be devoted;

12 (9) a statement that the net proceeds of bingo will go
13 to one or more of the authorized charitable purposes under this
14 chapter;

15 (10) a designation of one or more active members of the
16 applicant organization under whom bingo will be conducted
17 accompanied by a statement signed by each designated member stating
18 that the member will be responsible for the conduct of bingo under
19 the terms of the license and this chapter;

20 (11) ~~[a statement that a copy of the application has
21 been sent to the appropriate governing body,~~

22 ~~[(12)]~~ the name and address of each person who will
23 work at the proposed bingo occasion, the nature of the work to be
24 performed, and a statement as to whether the person has been
25 convicted of a felony, a gambling offense, criminal fraud, or a
26 crime of moral turpitude; and

27 (12) ~~[(13)]~~ sufficient facts relating to the

1 applicant's incorporation and organization to enable the
2 commission to determine whether the applicant is an authorized
3 organization.

4 SECTION 41. Section 2001.103(d), Occupations Code, is
5 amended to read as follows:

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

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

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

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

14 SECTION 42. Section 2001.104, Occupations Code, is amended
15 by adding Subsection (d) to read as follows:

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

21 SECTION 43. Section 2001.105, Occupations Code, is amended
22 by amending Subsection (b) and adding Subsections (c) and (d) to
23 read as follows:

24 (b) The commission may not issue a license to an authorized
25 organization to conduct bingo if an officer or director of the
26 organization has been convicted of a felony, criminal fraud, a
27 gambling or gambling-related offense, or a crime of moral turpitude

1 if less than 10 years has elapsed since the termination of a
2 sentence, parole, mandatory supervision, or community supervision
3 served for the offense.

4 (c) The commission may not issue a license to an authorized
5 organization to conduct bingo if the location of the premises at
6 which the authorized organization would conduct bingo is:

7 (1) in a facility that shares a common roof or common
8 foundation with a location at which a gambling device, as defined by
9 Section 47.01, Penal Code, is operated or located; or

10 (2) within 150 feet of the common roof or common
11 foundation described by Subdivision (1).

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

14 SECTION 44. Subchapter C, Chapter 2001, Occupations Code,
15 is amended by adding Section 2001.108 to read as follows:

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

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

3 (2) the organization's lease has been or will be
4 terminated.

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

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

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

22 (e) Notwithstanding Subsection (d), the commission may
23 issue temporary licenses to one or more licensed authorized
24 organizations that conduct bingo at the same location as an
25 organization that has ceased or will cease to conduct bingo, which
26 are in addition to the number of temporary licenses each
27 organization is entitled to under another provision of this

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

7 SECTION 45. Chapter 2001, Occupations Code, is amended by
8 adding Subchapter C-1 to read as follows:

9 SUBCHAPTER C-1. AUTHORIZED ORGANIZATION EMPLOYEE LICENSE

10 Sec. 2001.121. LICENSE REQUIRED. An individual may not in
11 any capacity participate or assist in the conduct, promotion, or
12 administration of bingo unless the individual holds an authorized
13 organization employee license issued by the commission.

14 Sec. 2001.122. APPLICATION; ISSUANCE OF LICENSE. The
15 commission shall issue an authorized organization employee license
16 to an eligible individual who applies using an application form
17 prescribed by the commission and pays the applicable license fee.

18 Sec. 2001.123. FEES. The commission by rule shall
19 prescribe a fee schedule for licenses issued under this subchapter.
20 In setting fees under the fee schedule, the commission shall
21 include the cost of a criminal background check.

22 Sec. 2001.124. RENEWAL OF LICENSE. (a) A license issued
23 under this subchapter is valid for a period set by the commission
24 not to exceed 36 months following the date of issuance.

25 (b) A license is renewable on application and payment of the
26 fee in accordance with commission rules.

27 (c) The commission by rule may adopt a system under which

1 licenses expire on various dates during the year. For the year in
2 which the license expiration date is changed, license fees shall be
3 prorated on a monthly basis so that each license holder pays only
4 that portion of the license fee that is allocable to the number of
5 months during which the license is valid. On renewal of the license
6 on the new expiration date, the total license renewal fee is
7 payable.

8 Sec. 2001.125. DENIAL, SUSPENSION, OR REVOCATION OF
9 LICENSE. After a hearing, the director of bingo operations shall
10 deny an application for a license under this subchapter or the
11 commission shall revoke or suspend the license if the director or
12 commission, as applicable, determines that the applicant or license
13 holder:

14 (1) has violated this chapter or a rule adopted by the
15 commission;

16 (2) has been convicted of a felony or of a crime
17 involving moral turpitude;

18 (3) failed to answer or has falsely or incorrectly
19 answered a question in an application for a license under this
20 chapter;

21 (4) is indebted to this state for any fees or for the
22 payment of a penalty imposed by this chapter or commission rule;

23 (5) is not of good moral character;

24 (6) resides in the same household with a person whose
25 license has been revoked for cause within the 12 months immediately
26 preceding the date of submission of the applicant's or license
27 holder's most recent license application;

1 (7) has failed or refused to furnish a true copy of the
2 application to the commission; or

3 (8) is engaged or has engaged in activities or
4 practices that are detrimental to the best interests of the public.

5 Sec. 2001.126. LICENSE NUMBER AND IDENTIFICATION CARD. (a)
6 The commission shall issue to each individual who holds an
7 authorized organization employee license a license number and
8 identification card that includes the individual's photograph.

9 (b) Each license holder must wear the identification card
10 provided by the commission at all times while participating or
11 assisting in the conduct, promotion, or administration of bingo.

12 (c) A license issued under this subchapter is valid at any
13 licensed bingo occasion conducted in this state.

14 Sec. 2001.127. TEMPORARY LICENSE. (a) Pending an
15 investigation of an applicant's eligibility for a license,
16 including renewal of a license, the commission may issue a
17 temporary authorized organization employee license to an applicant
18 whose application appears to comply with this chapter and
19 commission rules and who has paid the necessary fee.

20 (b) A temporary license issued under this section is valid
21 for a period not to exceed 120 days from the date of issuance.

22 Sec. 2001.128. LICENSED AUTHORIZED ORGANIZATION: RECORDS
23 AND PENALTY. (a) A licensed authorized organization shall
24 maintain a record, for each bingo occasion of each individual who
25 participated or assisted in the conduct, promotion, or
26 administration of bingo, that includes:

27 (1) the individual's license number; and

1 (2) the fees or other compensation paid to the
2 individual for services related to the occasion.

3 (b) A licensed authorized organization annually shall
4 submit to the commission, on a form prescribed by the commission, a
5 compensation report that details for the year reported:

6 (1) each job category related to the conduct of bingo
7 for which the organization pays compensation;

8 (2) each compensation rate paid in each job category;
9 and

10 (3) the number of employees paid each compensation
11 rate.

12 (c) The commission shall revoke the license to conduct bingo
13 of a licensed authorized organization that employs or otherwise
14 uses an unlicensed individual in an activity for which a license is
15 required by this subchapter.

16 SECTION 46. Section 2001.152, Occupations Code, is amended
17 to read as follows:

18 Sec. 2001.152. ELIGIBILITY. [~~a~~] The commission may
19 issue a commercial lessor license [~~only~~] to[+]

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

26 ~~[(2)]~~ a person who leases premises on which bingo is
27 conducted to not more than seven [~~a single~~] licensed authorized

1 organizations [~~organization that subleases or will sublease the~~
2 ~~premises to one or more other licensed authorized organizations for~~
3 ~~the conduct of bingo; or~~

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

7 [~~(b) Notwithstanding Subsection (a), a person who was a~~
8 ~~licensed commercial lessor on June 10, 1989, whose license has been~~
9 ~~in effect continuously since that date, and who is otherwise~~
10 ~~eligible for the license may renew the license.]~~

11 SECTION 47. Section 2001.154(a), Occupations Code, is
12 amended to read as follows:

13 (a) The commission may not issue a commercial lessor license
14 to or renew a commercial lessor license of:

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

20 (2) a public officer who receives any consideration,
21 direct or indirect, as owner or lessor of premises offered for
22 conducting bingo;

23 (3) a person who extends credit to, loans money to, or
24 pays or provides for the payment of license fees for an authorized
25 organization;

26 (4) a distributor or manufacturer;

27 (5) a person in which a person covered by Subdivision

1 (1), (2), (3), or (4) or a person married or related in the first
2 degree by consanguinity or affinity, as determined under Chapter
3 573, Government Code, to one of those persons has greater than a 10
4 percent proprietary, equitable, or credit interest or in which one
5 of those persons is active or employed; or

6 (6) a person whose location for a bingo premises is:

7 (A) in a facility that shares a common roof or
8 common foundation with a location at which a gambling device, as
9 defined by Section 47.01, Penal Code, is operated or located; or

10 (B) within 150 feet of the common roof or common
11 foundation described by Paragraph (A) [~~a foreign corporation or~~
12 ~~other foreign legal entity,~~

13 [~~(7) an individual who is not a resident of this state,~~

14 [~~(8) a corporation or other legal entity owned or~~
15 ~~controlled by:~~

16 [~~(A) a foreign corporation; or~~

17 [~~(B) an individual who is not a resident of this~~
18 ~~state; or~~

19 [~~(9) a corporation or other legal entity:~~

20 [~~(A) whose shares are publicly traded; or~~

21 [~~(B) owned or controlled by a corporation whose~~
22 ~~shares are publicly traded].~~

23 SECTION 48. Section 2001.158, Occupations Code, is amended
24 by adding Subsection (d) to read as follows:

25 (d) An applicant for a commercial lessor license shall pay
26 the fees established under Subsection (a) annually. An applicant
27 for a license or renewal of a license may obtain a license that is

1 effective for two years by paying an amount equal to two times the
2 amount of the annual license fee plus \$25.

3 SECTION 49. Section 2001.159(c), Occupations Code, is
4 amended to read as follows:

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

7 SECTION 50. Section 2001.161, Occupations Code, is amended
8 to read as follows:

9 Sec. 2001.161. LICENSED AUTHORIZED ORGANIZATION AS
10 COMMERCIAL LESSOR. (a) An authorized organization that holds a
11 commercial lessor license to lease a premises on which bingo is
12 conducted may also ~~[must]~~ hold a license to conduct bingo at the
13 same premises.

14 (b) A licensed authorized organization may obtain only one
15 commercial lessor license. The commercial lessor license may be
16 issued only for the same premises where the organization is
17 licensed to conduct bingo.

18 ~~[(c) The commission may issue a commercial lessor license to~~
19 ~~a licensed authorized organization only for the same premises where~~
20 ~~the organization is licensed to conduct bingo.]~~

21 SECTION 51. Section 2001.214, Occupations Code, is amended
22 to read as follows:

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

27 (b) A manufacturer or distributor may obtain a license that

1 is effective for two years by paying an amount equal to two times
2 the amount of the annual license fee plus \$1,000.

3 SECTION 52. Section 2001.218(a), Occupations Code, is
4 amended to read as follows:

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

9 SECTION 53. Subchapter G, Chapter 2001, Occupations Code,
10 is amended by adding Section 2001.3015 to read as follows:

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

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

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

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

23 SECTION 54. Section 2001.307, Occupations Code, is amended
24 to read as follows:

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

1 SECTION 55. Section 2001.351, Occupations Code, is amended
2 to read as follows:

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

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

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

18 SECTION 56. Subchapter H, Chapter 2001, Occupations Code,
19 is amended by adding Section 2001.358 to read as follows:

20 Sec. 2001.358. SUMMARY SUSPENSION. (a) The commission,
21 through the director of bingo operations, may summarily suspend,
22 without notice or a hearing, a license issued under this chapter if
23 the director finds the action is necessary to prevent financial
24 loss to the state and the license holder has failed to file a report
25 or return or to make a fee or tax payment required by this chapter.

26 (b) To summarily suspend a license under this section, the
27 commission through the director of bingo operations must institute

1 proceedings for a preliminary hearing before the commission or the
2 commission's representative simultaneously with the summary
3 suspension. The preliminary hearing shall be set for a date not
4 later than the 10th day after the date of the summary suspension,
5 unless the parties agree to a later date.

6 (c) At the preliminary hearing, the license holder must show
7 cause why the license should not remain suspended pending a final
8 hearing on suspension or revocation.

9 (d) Chapter 2001, Government Code, does not apply to a
10 summary suspension under this section.

11 (e) To initiate a proceeding to summarily suspend a license,
12 the commission, through the director of bingo operations, must
13 serve notice to the license holder informing the license holder of
14 the right to a preliminary hearing and of the time and place of the
15 preliminary hearing. The notice must:

16 (1) be personally served on the license holder or an
17 officer, employee, or agent of the license holder or be sent by
18 certified or registered mail, return receipt requested, to the
19 license holder's mailing address as it appears in the commission's
20 records; and

21 (2) state the alleged violations that constitute
22 grounds for summary suspension.

23 (f) If notice required under Subsection (e) is served in
24 person, the license holder shall immediately surrender the license
25 to the commission. If notice is served by mail, the license holder
26 shall immediately return the license to the commission.

27 (g) A suspension under this section takes effect on the

1 third day after the date the notice of suspension is given.

2 (h) The commission shall terminate a suspension made under
3 this section when the license holder files all required reports and
4 returns and makes all required tax and fee payments, including
5 payments of interest and penalties that are due.

6 SECTION 57. Section 2001.406(a), Occupations Code, is
7 amended to read as follows:

8 (a) The rent charged by a licensed commercial lessor to a
9 licensed authorized organization to conduct bingo may not exceed
10 \$600 for each bingo occasion conducted on the lessor's premises
11 [~~unless the organization subleases the premises to one or more~~
12 ~~other licensed authorized organizations to conduct bingo, in which~~
13 ~~event the rent charged by the licensed commercial lessor may not~~
14 ~~exceed \$600 for each day].~~

15 SECTION 58. Section 2001.411, Occupations Code, is amended
16 by adding Subsection (e) to read as follows:

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

23 SECTION 59. Subchapter I, Chapter 2001, Occupations Code,
24 is amended by adding Section 2001.4115 to read as follows:

25 Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO EMPLOYEES. Two
26 or more licensed authorized organizations conducting bingo at the
27 same premises may jointly hire bingo employees. One organization

1 may act as the employee's employer and the other organization may
2 reimburse the employing organization for the other organization's
3 share of the employee's compensation and other employment-related
4 costs. A reimbursement under this section is an authorized expense
5 and must be made from the bingo account of the reimbursing
6 organization.

7 SECTION 60. Section 2001.415, Occupations Code, is amended
8 to read as follows:

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

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

16 SECTION 61. Sections 2001.416(c) and (d), Occupations Code,
17 are amended to read as follows:

18 (c) The commission has oversight, including the authority
19 to conduct audits, inspections, and investigations, of a game of
20 chance that is conducted, or a machine or device for conducting a
21 game of chance that is located:

22 (1) on a bingo premises;

23 (2) at a location that shares a common roof or common
24 foundation with a bingo premises; or

25 (3) within 150 feet of the common roof or common
26 foundation described by Subdivision (2).

27 (d) The commission may [~~shall~~] adopt rules for the

1 implementation of this section.

2 ~~[(d) This section does not prohibit the exhibition and play~~
3 ~~of an amusement machine that is not a gambling device as defined by~~
4 ~~Section 47.01, Penal Code.]~~

5 SECTION 62. Section 2001.419, Occupations Code, is amended
6 to read as follows:

7 Sec. 2001.419. BINGO OCCASIONS. (a) ~~[A bingo occasion~~
8 ~~begins when the premises are opened to the public.~~

9 ~~[(b)]~~ A licensed authorized organization may not conduct
10 more than three ~~[a]~~ bingo occasions ~~[occasion more often than three~~
11 ~~days]~~ during a calendar week and each occasion may not ~~[to]~~ exceed
12 ~~[more than]~~ four hours ~~[during a 24-hour period]~~.

13 (b) ~~[(c)]~~ A licensed authorized organization may conduct
14 two bingo occasions during a 24-hour period under the
15 organization's annual license. No more than two bingo occasions
16 may be conducted at the same premises during one day except that a
17 third bingo occasion may be conducted under a temporary license
18 held by a licensed authorized organization that also conducts
19 licensed occasions under the organization's annual license at that
20 premises.

21 (c) ~~[(d) No more than two licensed authorized organizations~~
22 ~~may conduct bingo at the same premises during a 24-hour period. If~~
23 ~~two organizations conduct bingo at the same premises during a~~
24 ~~24-hour period, the bingo occasions must be announced separately,~~
25 ~~and an intermission of at least 10 minutes must occur between the~~
26 ~~bingo occasions.~~

27 ~~[(e)]~~ If two licensed authorized organizations are

1 authorized to conduct bingo at the same premises on the same day,
2 the end time of the bingo occasion of one organization may not
3 overlap with the start time of the bingo occasion of the other
4 organization[~~, but their games must be separated by the~~
5 ~~intermission required under Subsection (d). In that event, the~~
6 ~~intermission is considered part of each organization's bingo~~
7 ~~occasion)].~~

8 SECTION 63. Chapter 2001, Occupations Code, is amended by
9 adding Subchapter I-1 to read as follows:

10 SUBCHAPTER I-1. UNIT ACCOUNTING

11 Sec. 2001.431. DEFINITIONS. In this subchapter:

12 (1) "Unit" means two or more licensed authorized
13 organizations that conduct bingo at the same location and that join
14 together to share revenues, authorized expenses, and inventory
15 related to bingo operations.

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

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

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

25 (B) the method by which the net proceeds of the
26 bingo operations of the unit will be apportioned among the members
27 of the unit;

1 (C) the name of the unit manager or designated
2 agent of the unit; and

3 (D) the methods by which the unit may be
4 dissolved and by which one or more members of the unit may withdraw
5 from participation in the unit, including the distribution of
6 funds, records, and inventory and the allocation of authorized
7 expenses and liabilities on dissolution or withdrawal of one or
8 more members of the unit.

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

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

15 (1) executing a unit accounting agreement; and

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

18 (A) a unit manager; or

19 (B) a designated agent.

20 (b) More than one unit may be formed at a single location. A
21 licensed authorized organization may not be a member of more than
22 one unit.

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

27 (d) The members of a unit may determine whether to allow

1 another licensed authorized organization to join the unit. The
2 terms of the withdrawal of a member from the unit are governed by
3 the unit accounting agreement.

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

8 Sec. 2001.434. CONDUCT OF BINGO. (a) Each licensed
9 authorized organization that is a member of a unit shall conduct its
10 bingo games separately from the bingo games of the other members of
11 the unit.

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

14 (c) A licensed distributor may sell or lease bingo supplies
15 or equipment to a unit in the same manner as the distributor sells
16 or leases bingo supplies and equipment to a licensed authorized
17 organization.

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

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

21 (2) shall maintain one inventory of bingo supplies and
22 equipment for use in the bingo operations of members of the unit;
23 and

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

26 (b) Each member of a unit shall deposit into the unit's
27 bingo account all funds derived from the conduct of bingo, less the

1 amount awarded as cash prizes under Sections 2001.420(a) and (b).
2 The deposit shall be made not later than the next business day after
3 the day of the bingo occasion on which the receipts were obtained.

4 (c) All authorized expenses and distributions of the unit
5 and its members shall be paid from the unit's bingo checking
6 account.

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

8 (a) Sections 2001.457(a) and (b) apply to a unit formed under this
9 subchapter. For purposes of this subchapter, the requirements of
10 Sections 2001.457(a) and (b) that are applicable to a licensed
11 authorized organization shall be applied to a unit.

12 (b) A unit that has dissolved for any reason and has
13 unexpended bingo funds shall disburse those funds to the bingo
14 account of each member of the unit before the end of the next
15 calendar quarter after the calendar quarter in which the unit
16 dissolves.

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

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

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

25 Sec. 2001.437. UNIT MANAGER; LICENSE. (a) If a unit
26 accounting agreement for a unit states a unit manager is
27 responsible for compliance with commission rules and this chapter,

1 the unit manager is responsible for:

2 (1) filing with the commission a quarterly report for
3 the unit on a form prescribed by the commission; and

4 (2) paying taxes and fees and maintaining the bingo
5 inventory and financial records for the unit.

6 (b) A unit with a unit manager shall notify the commission
7 of the name of the unit manager and immediately notify the
8 commission of any change of unit manager.

9 (c) A person may not provide services as a unit manager to
10 licensed authorized organizations that form a unit unless the
11 person holds a unit manager license under this subchapter. A person
12 designated as an agent under Section 2001.438(b) is not a unit
13 manager by that designation for purposes of this section.

14 (d) An applicant for a unit manager license must file with
15 the commission a written application on a form prescribed by the
16 commission that includes:

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

18 (2) information regarding whether the applicant, or
19 any officer, director, or employee of the applicant, has been
20 convicted of a felony, criminal fraud, gambling or gambling-related
21 offense, or crime of moral turpitude; and

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

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

27 (f) A person who holds a unit manager license shall post a

1 bond or other security pursuant to Section 2001.514.

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

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

9 (2) is an owner, officer, or director of a licensed
10 commercial lessor, is employed by a licensed commercial lessor, or
11 is related to a licensed commercial lessor within the second degree
12 by consanguinity or affinity, unless the holder of the license is a
13 licensed authorized organization or an association of licensed
14 authorized organizations; or

15 (3) holds or is listed on another license under this
16 chapter, unless the holder of the license is a licensed authorized
17 organization or an association of licensed authorized
18 organizations.

19 (h) A unit manager must complete the training required by
20 Section 2001.107.

21 Sec. 2001.438. AGREEMENT WITHOUT UNIT MANAGER. (a) This
22 section applies to a unit if the unit accounting agreement for the
23 unit:

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

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

1 (b) The unit shall:

2 (1) designate an individual as its agent, who will be
3 responsible for providing the commission access to all inventory
4 and financial records of the unit on request of the commission; and

5 (2) notify the commission of the name of the
6 individual designated under Subdivision (1).

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

8 (1) hold or be listed on another license issued under
9 this chapter, unless the holder of the license is a licensed
10 authorized organization or an association of licensed authorized
11 organizations; or

12 (2) be an owner, officer, or director of a licensed
13 commercial lessor, be employed by a licensed commercial lessor, or
14 be related to a licensed commercial lessor within the second degree
15 by consanguinity or affinity, unless the holder of the license is a
16 licensed authorized organization or an association of licensed
17 authorized organizations.

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

20 (e) The designated agent must complete the training
21 required by Section 2001.107.

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

24 (1) compliance with the requirements of this
25 subchapter and the rules of the commission relating to the filing of
26 required reports;

27 (2) the maintenance of bingo inventory and financial

1 records; and

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

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

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

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

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

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

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

21 (b) The commission by rule may prohibit a person from
22 serving as a unit manager or as a designated agent for a unit that
23 does not use a unit manager if the person has failed to comply with
24 the duties required of the person as a unit manager or designated
25 agent.

26 (c) The commission may prohibit a person who serves as a
27 designated agent that is listed on a license under this chapter,

1 including having been approved by the commission to work in the
2 bingo operations of a licensed authorized organization or as an
3 operator, from holding or being listed on any license or from being
4 approved to work in the bingo operations of any licensed authorized
5 organization or to serve as an operator if the person has failed to
6 comply with the duties required of the person as a unit manager or
7 designated agent.

8 SECTION 64. Section 2001.451, Occupations Code, is amended
9 by amending Subsection (b) and adding Subsections (b-1), (g), and
10 (h) to read as follows:

11 (b) A licensed authorized organization shall deposit in the
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 Except as provided by Subsection (b-1), a [A] deposit must be made
15 not later than the next business day after the day of the bingo
16 occasion on which the receipts were obtained.

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

21 (g) The commission shall adopt rules to allow a licensed
22 authorized organization to retain a maximum amount of net proceeds
23 as operating capital in the organization's bingo account. The net
24 proceeds retained may not exceed an amount established by
25 commission rule.

26 (h) The commission by rule shall require a licensed
27 authorized organization to maintain a positive cash flow in the

1 organization's bingo account. The commission shall sanction an
2 organization that fails to comply with the rule.

3 SECTION 65. Section 2001.454, Occupations Code, is amended
4 to read as follows:

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

6 (a) A licensed authorized organization shall devote to the [a]
7 charitable purposes of the organization [purpose] its net proceeds
8 of bingo and any rental of premises.

9 (b) Except as otherwise provided by law, the [The] net
10 proceeds derived from bingo and any rental of premises are
11 dedicated to the [a] charitable purposes of the organization
12 [purpose] only if directed to a cause, deed, or activity that is
13 consistent with the federal tax exemption provided by Section
14 501(c), Internal Revenue Code of 1986, under which the organization
15 qualifies as a nonprofit organization as defined by Section
16 2001.002 or, for a licensed authorized organization other than a
17 nonprofit organization, is consistent with the federal tax
18 exemption provided by Section 501, Internal Revenue Code of 1986,
19 under which the organization is exempt from federal income taxes
20 and with the purposes and objectives for which the organization
21 qualifies as an authorized organization[+.

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

24 ~~[(A) enhancing their opportunity for religious~~
25 ~~or educational advancement,~~

26 ~~[(B) relieving them from disease, suffering, or~~
27 ~~distress,~~

1 [~~(C) contributing to their physical well-being,~~
2 [~~(D) assisting them in establishing themselves~~
3 ~~in life as worthy and useful citizens, or~~
4 [~~(E) increasing their comprehension of and~~
5 ~~devotion to the principles on which this nation was founded and~~
6 ~~enhancing their loyalty to their government, or~~
7 [~~(2) initiates, performs, or fosters worthy public~~
8 ~~works in this state or enables or furthers the erection or~~
9 ~~maintenance of public structures in this state].~~

10 SECTION 66. Sections 2001.457(a), (b), and (d), Occupations
11 Code, are amended to read as follows:

12 (a) Before the end of each quarter, a licensed authorized
13 organization shall disburse for charitable purposes all [~~an amount~~
14 ~~not less than 35 percent~~] of the organization's adjusted gross
15 receipts from the preceding quarter, except for the amount that may
16 be retained as provided by Section 2001.451(g) [~~, less the amount of~~
17 ~~authorized expenses not to exceed six percent of the gross~~
18 ~~receipts~~].

19 (b) The commission shall sanction [~~If~~] a licensed
20 authorized organization that fails to make [~~meet~~] the disbursement
21 required by Subsection (a) or to make any disbursement for
22 charitable purposes [~~requirements of this section~~] for a quarter.
23 The [~~, the~~] commission in applying appropriate sanctions may
24 consider whether, taking into account the amount required to be
25 distributed during that quarter and the three preceding quarters
26 and the charitable distributions for each of those quarters, the
27 organization has distributed a total amount sufficient to have met

1 the disbursement requirements [~~35 percent requirement~~] for that
2 quarter and the three preceding quarters combined.

3 (d) In this section, "adjusted [+
4 [~~(1) "Adjusted~~] gross receipts" means gross receipts
5 less the total [~~amount of cost of goods purchased by an organization~~
6 ~~and~~] prizes paid in the preceding quarter [~~+~~] and the licensed
7 authorized organization's reasonable and necessary expenses as
8 provided by Sections 2001.458 and 2001.459 and by commission rule.

9 [~~(2) "Cost of goods purchased by an organization"~~
10 ~~means the cost of bingo paper or pull tab bingo tickets purchased by~~
11 ~~the organization.]~~

12 SECTION 67. Section 2001.458, Occupations Code, is amended
13 by amending Subsection (a) and adding Subsection (c) to read as
14 follows:

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

19 (1) advertising, including the cost of printing bingo
20 gift certificates;

21 (2) security;

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

24 (4) bingo supplies and equipment;

25 (5) prizes;

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

27 (7) bookkeeping, legal, or accounting services

1 related to bingo;

2 (8) fees [~~in amounts authorized by the commission~~] for
3 licensed callers, licensed cashiers, licensed ushers, sales
4 personnel, janitorial services, and utility supplies and services;
5 [~~and~~]

6 (9) license fees;

7 (10) attending a bingo seminar or convention required
8 under Section 2001.107;

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 (c) In accordance with this section and Section 2001.459,
13 the commission by rule shall define a licensed authorized
14 organization's reasonable and necessary expenses under this
15 chapter.

16 SECTION 68. Section 2001.459(a), Occupations Code, is
17 amended to read as follows:

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

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

23 (2) security during a bingo occasion;

24 (3) the purchase or repair of bingo supplies and
25 equipment;

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

27 (5) stated rental expenses;

- 1 (6) bookkeeping, legal, or accounting services;
- 2 (7) fees for licensed callers, licensed cashiers, and
- 3 licensed ushers;
- 4 (8) janitorial services;
- 5 (9) license fees; and
- 6 (10) payment for services provided by a system service
- 7 provider.

8 SECTION 69. Section 2001.504(a), Occupations Code, is
9 amended to read as follows:

10 (a) A tax or fee authorized or imposed under this subchapter
11 is due and is payable by the license holder or a person conducting
12 bingo without a license to the commission quarterly on or before the
13 25th [~~15th~~] day of the month succeeding each calendar quarter.

14 SECTION 70. Section 2001.551, Occupations Code, is amended
15 by amending Subsection (b) and adding Subsection (g) to read as
16 follows:

17 (b) A person conducting, promoting, or administering bingo
18 commits an offense if the person conducts, promotes, or administers
19 bingo other than:

- 20 (1) under a license issued under this chapter;
- 21 (2) within the confines of a home for purposes of
- 22 amusement or recreation when:
 - 23 (A) no player or other person furnishes anything
 - 24 of more than nominal value for the opportunity to participate;
 - 25 (B) participation in the game does not exceed 15
 - 26 players; and
 - 27 (C) the prizes awarded or to be awarded are

1 nominal;

2 (3) on behalf of an organization of individuals 60
3 years of age or over, a senior citizens' association, a senior
4 citizens' community center program operated or funded by a
5 governmental entity, the patients in a hospital or nursing home,
6 residents of a retirement home, or the patients in a Veteran's
7 Administration medical center or a military hospital, solely for
8 the purpose of amusement and recreation of its members, residents,
9 or patients, when:

10 (A) no player or other person furnishes anything
11 of more than nominal value for the opportunity to participate; and

12 (B) the prizes awarded or to be awarded are
13 nominal; ~~[or]~~

14 (4) on behalf of a business conducting the game for
15 promotional or advertising purposes if:

16 (A) the game is conducted by or through a
17 newspaper or a radio or television station;

18 (B) participation in the game is open to the
19 general public and is not limited to customers of the business;

20 (C) playing materials are furnished without
21 charge to a person on request; and

22 (D) no player is required to furnish anything of
23 value for the opportunity to participate; or

24 (5) for business entity employee picnics,
25 organizational quarterly or annual meetings, family reunions, or
26 other defined group occasional gatherings if:

27 (A) participation is not open to the public;

- 1 (B) prizes are of nominal value;
- 2 (C) there is no cost to participate;
- 3 (D) the purpose of the game is for amusement,
- 4 recreation, employee morale, or safety awareness;
- 5 (E) the game is not used to raise money for any
- 6 purpose other than to award nominal prizes; and
- 7 (F) a person is not paid solely to administer the
- 8 game.

9 (g) The commission by rule may set the nominal value of the
10 prizes that may be awarded in a bingo game described by Subsection
11 (b)(2), (3), or (5).

12 SECTION 71. Sections 2001.554(a) and (b), Occupations Code,
13 are amended to read as follows:

14 (a) A person commits an offense and the person's license is
15 subject to revocation under this chapter if the person:

16 (1) makes a false statement or material omission in an
17 application for a license under this chapter;

18 (2) fails to maintain records that fully and
19 accurately record each transaction connected with the conducting of
20 bingo, the leasing of premises to be used for bingo, or the
21 manufacture, sale, or distribution of bingo supplies or equipment;

22 (3) falsifies or makes a false entry in a book or
23 record if the entry relates to bingo, the disposition of bingo
24 proceeds, the application of rent received by a licensed authorized
25 organization, or the gross receipts from the manufacture, sale, or
26 distribution of bingo supplies or equipment;

27 (4) diverts or pays a portion of the net proceeds of

1 bingo to a person except in furtherance of one or more of the lawful
2 purposes provided by this chapter; ~~or~~

3 (5) knowingly participates or assists in the conduct,
4 promotion, or administration of bingo without holding a license
5 required under this chapter; or

6 (6) violates this chapter or a term of a license issued
7 under this chapter.

8 (b) An offense under Subsection (a)(1), ~~[(a)](2), (3), or~~
9 (6) ~~[(5)]~~ is a Class A ~~[C]~~ misdemeanor~~[, unless it is shown on the~~
10 ~~trial of the offense that the person has been convicted previously~~
11 ~~under this section, in which event the offense is a Class B~~
12 ~~misdemeanor]~~. An offense under Subsection (a)(4) or (5) ~~[(a)(1) or~~
13 ~~(4)]~~ is a felony of the third degree ~~[Class A misdemeanor]~~. This
14 subsection does not apply to an offense committed under Section
15 2001.551(b) or Section 2001.552.

16 SECTION 72. Subchapter L, Chapter 2001, Occupations Code,
17 is amended by adding Section 2001.562 to read as follows:

18 Sec. 2001.562. VENUE. The following offenses may be
19 prosecuted in Travis County in addition to any county in which the
20 offense may be prosecuted under Chapter 13, Code of Criminal
21 Procedure, or other law:

22 (1) an offense under this chapter;

23 (2) an offense under the Penal Code, if the accused:

24 (A) is an individual licensed under Subchapter
25 C-1; and

26 (B) is alleged to have committed the offense
27 while participating or assisting in the conduct, promotion, or

1 administration of bingo; and

2 (3) an offense under Title 7 or 11, Penal Code, that
3 involves property consisting of bingo equipment.

4 SECTION 73. Subchapter M, Chapter 2001, Occupations Code,
5 is amended by adding Section 2001.6015 to read as follows:

6 Sec. 2001.6015. ADMINISTRATIVE PENALTY SCHEDULE; TIMELINE.

7 (a) The commission by rule shall adopt an administrative penalty
8 schedule to define and summarize violations of this chapter or
9 commission rules adopted under this chapter to ensure the amounts
10 of penalties imposed are appropriate to the violation.

11 (b) The administrative penalty schedule must:

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

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

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

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

21 (1) a designated period for a person licensed under
22 this chapter to provide proof of corrective measures taken as
23 required by the commission for a violation of this chapter or a
24 commission rule; and

25 (2) an approach and a designated period for the
26 commission to subsequently monitor a person determined to have
27 committed a significant violation of this chapter or a commission

1 rule.

2 SECTION 74. Chapter 2001, Occupations Code, is amended by
3 adding Subchapter O to read as follows:

4 SUBCHAPTER O. SUBPOENAS AND RELATED PROCEDURES

5 Sec. 2001.701. SUBPOENA. (a) In an investigation of any
6 matter under this chapter, the commission may issue a subpoena to
7 compel the attendance and testimony of a relevant witness or the
8 production of relevant evidence located in this state for
9 inspection or copying by the commission.

10 (b) A subpoena may be served personally or by certified
11 mail.

12 (c) A subpoena may require a person to appear as a witness or
13 to produce evidence at the commission's offices in Austin, Texas,
14 or at another place designated by the commission.

15 (d) The commission may issue a subpoena that requires an
16 immediate production of evidence only if:

17 (1) the subpoena states that the evidence is necessary
18 and must be produced immediately due to exigent and extraordinary
19 circumstances; and

20 (2) the subpoena is signed and issued by a member of
21 the commission and an agent of the commission.

22 (e) The commission shall adopt rules to avoid imposing an
23 undue burden or expense on a person for whom a subpoena is issued.

24 (f) The commission by rule may delegate the authority
25 granted under Subsection (a) to an agent of the commission.

26 (g) The fee charged by a sheriff or constable for serving a
27 commission subpoena may not exceed the fee for serving similar

1 subpoenas.

2 (h) In the issuance of a subpoena under this section for the
3 records of a religious society, the commission may subpoena only
4 the portion of the records related to bingo.

5 Sec. 2001.702. FAILURE TO COMPLY WITH SUBPOENA. (a) If a
6 person fails to comply with a subpoena issued by the commission, the
7 commission, acting through the attorney general, may file suit
8 against the person to enforce the subpoena in a district court in
9 Travis County.

10 (b) On finding that good cause exists for issuing the
11 subpoena, the court shall order the person to comply with the
12 subpoena and pay reasonable attorney's fees. The court may punish a
13 person who fails to obey the court order for contempt of court.

14 Sec. 2001.703. REIMBURSEMENT FOR SUBPOENA COMPLIANCE. A
15 person required by a subpoena to attend a proceeding before the
16 commission or its agent is entitled to:

17 (1) reimbursement for mileage in the same amount for
18 each mile as the mileage travel allowance for a state employee for
19 the person's travel to or from the place where the person's
20 attendance is required, if the place is more than 25 miles from the
21 person's place of residence; and

22 (2) a fee for each day or part of a day the person is
23 required to be present as a witness that is equal to the greater of:

24 (A) \$10; or

25 (B) the general per diem travel allowance for a
26 state employee traveling within this state.

27 Sec. 2001.704. OUT-OF-STATE EVIDENCE. (a) A person in

1 possession or control of evidence located outside this state on
2 request of the commission may make the evidence available for
3 examination at the place where the evidence is located. The
4 commission may designate a representative, including an official of
5 the state in which the evidence is located, to examine the evidence
6 for the commission.

7 (b) The commission on request of an official of another
8 state or of the United States may examine evidence located in this
9 state for that official in circumstances similar to those described
10 by Subsection (a).

11 Sec. 2001.705. ACCESS TO EVIDENCE. (a) Evidence acquired
12 under a commission subpoena is not a public record for the period
13 the commission or its agent determines is reasonably necessary to:

14 (1) complete an investigation;

15 (2) protect the person being investigated from
16 unwarranted injury; or

17 (3) serve the public interest.

18 (b) The evidence is not subject to a subpoena, other than a
19 grand jury subpoena, until:

20 (1) the evidence is released by the commission for
21 public inspection; or

22 (2) after notice and a hearing, a district court
23 determines that complying with the subpoena would not jeopardize
24 the public interest or any investigation by the commission.

25 (c) Except for good cause, a district court order under
26 Subsection (b)(2) does not apply to:

27 (1) any communication received by the commission from

1 a law enforcement agency or another regulatory agency; or

2 (2) any internal commission communication made in
3 connection with a matter that the commission has the authority to
4 consider.

5 Sec. 2001.706. PRIVILEGED AND CONFIDENTIAL INFORMATION.

6 (a) Any information or evidence produced under a commission
7 subpoena that is otherwise privileged or confidential by law
8 remains privileged or confidential until admitted into evidence in
9 an administrative hearing or a court.

10 (b) The commission may issue a protective order relating to
11 the confidentiality or privilege of information or evidence
12 described by Subsection (a) to restrict the use or distribution of
13 the information or evidence:

14 (1) by any person; or

15 (2) in a proceeding other than a proceeding before the
16 commission.

17 Sec. 2001.707. COOPERATION WITH LAW ENFORCEMENT. On
18 request, the commission may furnish evidence obtained under a
19 commission subpoena to:

20 (1) a law enforcement agency of this state, another
21 state, or the United States; or

22 (2) a prosecuting attorney of a municipality, county,
23 or judicial district of this state, another state, or the United
24 States.

25 Sec. 2001.708. SUBPOENAS ISSUED TO FINANCIAL INSTITUTIONS.

26 A subpoena issued to a financial institution as part of a criminal
27 investigation is not subject to Section 30.007, Civil Practice and

1 Remedies Code.

2 Sec. 2001.709. EFFECT ON CONTESTED CASE. Sections
3 2001.701, 2001.704, 2001.705, 2001.707, and 2001.708 do not affect
4 the conduct of a contested case under Chapter 2001, Government
5 Code.

6 SECTION 75. Section 466.003, Government Code, and Sections
7 2001.057(b), 2001.305, 2001.355, 2001.356, 2001.409(b), and
8 2001.416(d), Occupations Code, are repealed.

9 SECTION 76. (a) Not later than September 1, 2004, the
10 Texas Lottery Commission shall:

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

14 (2) adopt the rules required by:

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

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

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

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

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

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

27 (3) adopt the administrative penalty schedule and

1 timeline required by Section 2001.6015, Occupations Code, as added
2 by this Act.

3 SECTION 77. (a) The changes in law made by this Act in the
4 prohibitions or qualifications applying to a member of the Texas
5 Lottery Commission do not affect the entitlement of a member
6 serving on the Texas Lottery Commission immediately before
7 September 1, 2003, to continue to serve and function as a member of
8 the Texas Lottery Commission for the remainder of the member's
9 term. Those changes in law apply only to a member appointed on or
10 after September 1, 2003.

11 (b) The change in law made by this Act to Chapter 467,
12 Government Code, relating to the investigation of a complaint
13 applies only to a complaint filed with the Texas Lottery Commission
14 on or after September 1, 2003. A complaint filed with the
15 commission or a division of the commission before September 1,
16 2003, is governed by the law as it existed immediately before that
17 date, and the former law is continued in effect for that purpose.

18 (c) The change in law made by this Act requiring the Texas
19 Lottery Commission to approve a procurement applies only to a
20 procurement or contract made on or after the effective date of this
21 Act. A procurement or contract made before the effective date of
22 this Act is governed by the law in effect when the procurement or
23 contract was made, and the former law is continued in effect for
24 that purpose.

25 (d) The changes in law made by this Act governing
26 eligibility of a person for a license apply only to the issuance or
27 renewal of a license by the Texas Lottery Commission under Chapter

1 466, Government Code, as amended by this Act, or Chapter 2001,
2 Occupations Code, as amended by this Act, on or after the effective
3 date of this Act. A license issued by the Texas Lottery Commission
4 under either of those laws before the effective date of this Act is
5 governed by the applicable licensing requirements in effect when
6 the license was last issued or renewed until the license expires or
7 is renewed as provided by Chapter 466, Government Code, as amended
8 by this Act, or Chapter 2001, Occupations Code, as amended by this
9 Act.

10 (e) The change in law made by this Act to Section 2001.457,
11 Occupations Code, applies to the charitable disbursements made by a
12 licensed authorized organization beginning with disbursements for
13 the second quarter of 2004. A charitable disbursement made by a
14 licensed authorized organization for a quarter before the second
15 quarter of 2004 is governed by the law in effect immediately before
16 the effective date of this Act, and the former law is continued in
17 effect for that purpose.

18 SECTION 78. (a) As soon as practicable after the effective
19 date of this Act, the Texas Lottery Commission shall adopt the rules
20 necessary to implement multijurisdiction lottery games in
21 accordance with Subchapter J, Chapter 466, Government Code, as
22 added by this Act.

23 (b) The Texas Lottery Commission may adopt an emergency rule
24 under Subsection (a) of this section without prior notice or
25 hearing, or with any abbreviated notice and hearing as the
26 commission finds practicable, for the implementation of the change
27 in law made by Subchapter J, for multijurisdiction lottery games,

1 Chapter 466, Government Code. Section 2001.034, Government Code,
2 does not apply to an emergency rule adopted under this section.

3 (c) Notwithstanding any law to the contrary, including any
4 law enacted during the 78th Legislature, Regular Session, 2003, to
5 promptly implement Subchapter J, Chapter 466, Government Code, as
6 added by this Act, a contract for the acquisition or provision of
7 facilities, supplies, equipment, materials, or services related to
8 the initial operation of multijurisdiction lottery games under
9 these subchapters is not subject to:

- 10 (1) Subtitle D, Title 10, Government Code;
11 (2) Section 466.101, Government Code;
12 (3) Chapter 2161, Government Code; or
13 (4) any competitive bidding requirements or contract
14 requirements provided by any other law or by rules of the Texas
15 Lottery Commission.

16 SECTION 79. This Act takes effect immediately if it
17 receives a vote of two-thirds of all the members elected to each
18 house, as provided by Section 39, Article III, Texas Constitution.
19 If this Act does not receive the vote necessary for immediate
20 effect, this Act takes effect September 1, 2003.