

1-1 By: Jackson S.B. No. 270
1-2 (In the Senate - Filed February 13, 2003; February 19, 2003,
1-3 read first time and referred to Committee on Government
1-4 Organization; April 28, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 6, Nays 0;
1-6 April 28, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 270 By: Armbrister

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the continuation and functions of the Texas Lottery
1-11 Commission.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 466.014, Government Code, is amended by
1-14 adding Subsection (d) to read as follows:

1-15 (d) A contract between the division and a lottery operator
1-16 under Subsection (b) must contain a provision allowing the contract
1-17 to be terminated without penalty if the division is abolished.

1-18 SECTION 2. Subchapter B, Chapter 466, Government Code, is
1-19 amended by adding Section 466.026 to read as follows:

1-20 Sec. 466.026. COMPREHENSIVE BUSINESS PLAN. (a) The
1-21 commission shall develop a comprehensive business plan to guide the
1-22 commission's major initiatives. The plan must at a minimum
1-23 include:

1-24 (1) a description of each commission program and
1-25 project;

1-26 (2) key management information;

1-27 (3) accurate financial data; and

1-28 (4) a detailed financial management plan.

1-29 (b) The commission shall at least annually review the
1-30 comprehensive business plan to assess the overall performance and
1-31 value of each program and project.

1-32 SECTION 3. Subchapter C, Chapter 466, Government Code, is
1-33 amended by adding Section 466.1005 to read as follows:

1-34 Sec. 466.1005. PROCUREMENTS. (a) The commission may
1-35 purchase or lease facilities, goods, and services and make any
1-36 purchases, leases, or contracts necessary for carrying out the
1-37 purposes of this chapter.

1-38 (b) The commission shall review and must approve all major
1-39 procurements as provided by commission rule. The commission by
1-40 rule shall establish a procedure to determine what constitutes a
1-41 major procurement based on the cumulative value of a contract and
1-42 other relevant factors.

1-43 (c) The commission may delegate to the executive director
1-44 the authority to approve procurements other than major
1-45 procurements.

1-46 SECTION 4. Subsections (a) and (b), Section 466.101,
1-47 Government Code, are amended to read as follows:

1-48 (a) The commission and executive director may establish
1-49 procedures for the purchase or lease of facilities, goods, and
1-50 services and make any purchases, leases, or contracts that are
1-51 necessary for carrying out the purposes of this chapter. The
1-52 procedures must, as determined feasible and appropriate by the
1-53 commission and executive director, promote competition to the
1-54 maximum extent possible.

1-55 (b) In all procurement decisions, the commission and
1-56 executive director shall take into account the particularly
1-57 sensitive nature of the lottery and shall act to promote and ensure
1-58 integrity, security, honesty, and fairness in the operation and
1-59 administration of the lottery and the objective of producing
1-60 revenues for the state treasury.

1-61 SECTION 5. Section 466.158, Government Code, is amended by
1-62 adding Subsections (d), (e), and (f) to read as follows:

1-63 (d) In making a determination whether to renew a license,

2-1 the commission shall consider the compliance history of a license
 2-2 holder. The commission shall adopt rules to govern the specific
 2-3 areas of compliance history that may be considered in the renewal
 2-4 determination.

2-5 (e) After an opportunity for a hearing, the commission may
 2-6 deny an application for renewal of a license if the applicant's
 2-7 compliance history reveals conduct that is inconsistent with this
 2-8 chapter or the commission's rules adopted under this chapter in the
 2-9 specific areas considered by the commission in accordance with the
 2-10 rules adopted under Subsection (d).

2-11 (f) The commission by rule may adopt a system under which
 2-12 licenses expire on various dates during the year. For the year in
 2-13 which the license expiration date is changed, the commission shall
 2-14 prorate license fees on a monthly basis so that each license holder
 2-15 pays only that portion of the license fee that is allocable to the
 2-16 number of months during which the license is valid. On renewal of
 2-17 the license on the new expiration date, the total license renewal
 2-18 fee is payable.

2-19 SECTION 6. Section 467.002, Government Code, is amended to
 2-20 read as follows:

2-21 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
 2-22 subject to Chapter 325 (Texas Sunset Act). Unless continued in
 2-23 existence as provided by that chapter, the commission is abolished
 2-24 and this chapter, Chapter 466, and Chapter 2001, Occupations Code,
 2-25 expire ~~[Act expires]~~ September 1, 2015 ~~[2003]~~.

2-26 SECTION 7. Subsections (a) and (b), Section 467.021,
 2-27 Government Code, are amended to read as follows:

2-28 (a) The commission is composed of five ~~[three]~~ members
 2-29 appointed by the governor with the advice and consent of the senate.

2-30 (b) Appointments ~~[In making appointments]~~ to the commission
 2-31 shall be made without ~~[, the governor shall strive to achieve~~
 2-32 ~~representation by all the population groups of the state with]~~
 2-33 regard to the ~~[economic status, sex,]~~ race, color, disability, sex,
 2-34 religion, age, or national origin of the appointees ~~[and~~
 2-35 ~~ethnicity]~~.

2-36 SECTION 8. Section 467.022, Government Code, is amended to
 2-37 read as follows:

2-38 Sec. 467.022. TERM OF OFFICE. Members hold office for
 2-39 staggered terms of six years with the terms of either one or two
 2-40 members ~~[member's term]~~ expiring February 1 of each odd-numbered
 2-41 year.

2-42 SECTION 9. Section 467.024, Government Code, is amended by
 2-43 adding Subsections (c) and (d) to read as follows:

2-44 (c) A person may not be a commission employee employed in a
 2-45 "bona fide executive, administrative, or professional capacity,"
 2-46 as that phrase is used for purposes of establishing an exemption to
 2-47 the overtime provisions of the federal Fair Labor Standards Act of
 2-48 1938 (29 U.S.C. Section 201 et seq.), and its subsequent
 2-49 amendments, if:

2-50 (1) the person is an officer, employee, or paid
 2-51 consultant of a Texas trade association in the field of bingo or
 2-52 lottery; or

2-53 (2) the person's spouse is an officer, manager, or paid
 2-54 consultant of a Texas trade association in the field of bingo or
 2-55 lottery.

2-56 (d) A person may not act as the general counsel to the
 2-57 commission if the person is required to register as a lobbyist under
 2-58 Chapter 305 because of the person's activities for compensation on
 2-59 behalf of a profession related to the operation of the commission.

2-60 SECTION 10. Subchapter B, Chapter 467, Government Code, is
 2-61 amended by adding Section 467.0255 to read as follows:

2-62 Sec. 467.0255. TRAINING. (a) A person who is appointed to
 2-63 and qualifies for office as a member of the commission may not vote,
 2-64 deliberate, or be counted as a member in attendance at a meeting of
 2-65 the commission until the person completes a training program that
 2-66 complies with this section.

2-67 (b) The training program must provide the person with
 2-68 information regarding:

2-69 (1) the legislation that created the commission;

3-1 (2) the programs operated by the commission;
 3-2 (3) the role and functions of the commission;
 3-3 (4) the rules of the commission, with an emphasis on
 3-4 the rules that relate to disciplinary and investigatory authority;
 3-5 (5) the current budget for the commission;
 3-6 (6) the results of the most recent formal audit of the
 3-7 commission;
 3-8 (7) the requirements of:
 3-9 (A) the open meetings law, Chapter 551;
 3-10 (B) the public information law, Chapter 552;
 3-11 (C) the administrative procedure law, Chapter
 3-12 2001; and
 3-13 (D) other laws relating to public officials,
 3-14 including conflict-of-interest laws; and
 3-15 (8) any applicable ethics policies adopted by the
 3-16 commission or the Texas Ethics Commission.
 3-17 (c) A person appointed to the commission is entitled to
 3-18 reimbursement, as provided by the General Appropriations Act, for
 3-19 the travel expenses incurred in attending the training program
 3-20 regardless of whether the attendance at the program occurs before
 3-21 or after the person qualifies for office.
 3-22 SECTION 11. Subsections (a) and (c), Section 467.026,
 3-23 Government Code, are amended to read as follows:
 3-24 (a) It is a ground for removal from the [The governor may
 3-25 remove a] commission that a member [if the member]:
 3-26 (1) does not have at the time of taking office
 3-27 [appointment] the qualifications required by Sections 467.023 and
 3-28 467.024 [for appointment to the commission];
 3-29 (2) does not maintain during service on the commission
 3-30 the qualifications required by Sections 467.023 and 467.024 [for
 3-31 appointment to the commission];
 3-32 (3) is ineligible for membership under [violates a
 3-33 prohibition established by] Section 467.023, 467.024, or 467.025;
 3-34 (4) cannot discharge the member's duties for a
 3-35 substantial part of the member's term [for which the member is
 3-36 appointed] because of illness or disability; or
 3-37 (5) is absent from more than half of the regularly
 3-38 scheduled commission meetings that the member is eligible to attend
 3-39 during a calendar year without an excuse approved [unless the
 3-40 absence is excused] by majority vote of the commission.
 3-41 (c) If the executive director [presiding officer] has
 3-42 knowledge that a potential ground for removal exists, the executive
 3-43 director [presiding officer] shall notify the presiding officer of
 3-44 the commission of the potential ground. The presiding officer
 3-45 shall then notify the governor and the attorney general that a
 3-46 potential ground for removal exists. If the potential ground for
 3-47 removal involves the presiding officer, the executive director
 3-48 shall notify the next highest ranking officer of the commission,
 3-49 who shall then notify the governor and the attorney general that a
 3-50 potential ground for removal exists.
 3-51 SECTION 12. Subchapter B, Chapter 467, Government Code, is
 3-52 amended by adding Sections 467.037 through 467.040 to read as
 3-53 follows:
 3-54 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
 3-55 shall develop and implement policies that clearly separate the
 3-56 policymaking responsibilities of the commission and the management
 3-57 responsibilities of the executive director and the staff of the
 3-58 commission.
 3-59 Sec. 467.038. EQUAL EMPLOYMENT OPPORTUNITY POLICY; REPORT.
 3-60 (a) The executive director or the executive director's designee
 3-61 shall prepare and maintain a written policy statement that
 3-62 implements a program of equal employment opportunity to ensure that
 3-63 all personnel decisions are made without regard to race, color,
 3-64 disability, sex, religion, age, or national origin.
 3-65 (b) The policy statement must include:
 3-66 (1) personnel policies, including policies relating
 3-67 to recruitment, evaluation, selection, training, and promotion of
 3-68 personnel, that show the intent of the commission to avoid the
 3-69 unlawful employment practices described by Chapter 21, Labor Code;

4-1 and

4-2 (2) an analysis of the extent to which the composition
 4-3 of the commission's personnel is in accordance with state and
 4-4 federal law and a description of reasonable methods to achieve
 4-5 compliance with state and federal law.

4-6 (c) The policy statement must:

4-7 (1) be updated annually;

4-8 (2) be reviewed by the state Commission on Human
 4-9 Rights for compliance with Subsection (b)(1); and

4-10 (3) be filed with the governor's office.

4-11 Sec. 467.039. REQUIREMENTS AND STANDARDS OF CONDUCT
 4-12 INFORMATION. The executive director or the executive director's
 4-13 designee shall provide to members of the commission and to
 4-14 commission employees, as often as necessary, information regarding
 4-15 the requirements for office or employment under this chapter,
 4-16 including information regarding a person's responsibilities under
 4-17 applicable laws relating to standards of conduct for state officers
 4-18 or employees.

4-19 Sec. 467.040. STATE EMPLOYEE INCENTIVE PROGRAM
 4-20 INFORMATION. The executive director or the executive director's
 4-21 designee shall provide to commission employees information and
 4-22 training on the benefits and methods of participation in the state
 4-23 employee incentive program.

4-24 SECTION 13. Subchapter C, Chapter 467, Government Code, is
 4-25 amended by adding Sections 467.109 through 467.112 to read as
 4-26 follows:

4-27 Sec. 467.109. TECHNOLOGY POLICY. The commission shall
 4-28 develop and implement a policy requiring the executive director and
 4-29 commission employees to research and propose appropriate
 4-30 technological solutions to improve the commission's ability to
 4-31 perform its functions. The technological solutions must:

4-32 (1) ensure that the public is able to easily find
 4-33 information about the commission on the Internet;

4-34 (2) ensure that persons who want to use the
 4-35 commission's services are able to:

4-36 (A) interact with the commission through the
 4-37 Internet; and

4-38 (B) access any service that can be provided
 4-39 effectively through the Internet; and

4-40 (3) be cost-effective and developed through the
 4-41 commission's planning processes.

4-42 Sec. 467.110. NEGOTIATED RULEMAKING AND ALTERNATIVE
 4-43 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
 4-44 implement a policy to encourage the use of:

4-45 (1) negotiated rulemaking procedures under Chapter
 4-46 2008 for the adoption of commission rules; and

4-47 (2) appropriate alternative dispute resolution
 4-48 procedures under Chapter 2009 to assist in the resolution of
 4-49 internal and external disputes under the commission's
 4-50 jurisdiction.

4-51 (b) The commission's procedures relating to alternative
 4-52 dispute resolution must conform, to the extent possible, to any
 4-53 model guidelines issued by the State Office of Administrative
 4-54 Hearings for the use of alternative dispute resolution by state
 4-55 agencies.

4-56 (c) The commission shall designate a trained person to:

4-57 (1) coordinate the implementation of the policy
 4-58 adopted under Subsection (a);

4-59 (2) serve as a resource for any training needed to
 4-60 implement the procedures for negotiated rulemaking or alternative
 4-61 dispute resolution; and

4-62 (3) collect data concerning the effectiveness of those
 4-63 procedures, as implemented by the commission.

4-64 Sec. 467.111. PUBLIC PARTICIPATION. The commission shall
 4-65 develop and implement policies that provide the public with a
 4-66 reasonable opportunity to appear before the commission and to speak
 4-67 on any issue under the jurisdiction of the commission.

4-68 Sec. 467.112. COMPLAINTS. (a) The commission shall
 4-69 maintain a file on each written complaint filed with the commission

5-1 or a division of the commission. The file must include:

- 5-2 (1) the name of the person who filed the complaint;
 5-3 (2) the date the complaint is received by the
 5-4 commission or a division of the commission;
 5-5 (3) the subject matter of the complaint;
 5-6 (4) the name of each person contacted in relation to
 5-7 the complaint;
 5-8 (5) a summary of the results of the review or
 5-9 investigation of the complaint; and
 5-10 (6) an explanation of the reason the file was closed,
 5-11 if the commission closed the file without taking action other than
 5-12 to investigate the complaint.

5-13 (b) The commission shall provide to the person filing the
 5-14 complaint and to each person who is a subject of the complaint a
 5-15 copy of the commission's policies and procedures relating to
 5-16 complaint investigation and resolution.

5-17 (c) The commission, at least quarterly until final
 5-18 disposition of the complaint, shall notify the person filing the
 5-19 complaint and each person who is a subject of the complaint of the
 5-20 status of the investigation unless the notice would jeopardize an
 5-21 undercover investigation.

5-22 (d) The commission shall publish procedures covering the
 5-23 entire complaint process from submission to disposition.

5-24 (e) The commission by rule shall require an investigation
 5-25 related to a complaint filed with the commission or a division of
 5-26 the commission to be completed within a reasonable time.

5-27 (f) The commission shall analyze the complaints filed with
 5-28 the commission to identify any trends or issues related to certain
 5-29 violations.

5-30 SECTION 14. Subsection (b), Section 2001.051, Occupations
 5-31 Code, is amended to read as follows:

5-32 (b) The commission has broad authority and shall exercise
 5-33 strict control and close supervision over all bingo conducted in
 5-34 this state so that bingo is fairly conducted and the proceeds
 5-35 derived from bingo are used for an authorized purpose. The
 5-36 commission does not have regulatory authority over:

5-37 (1) any matter relating to the premises, personnel, or
 5-38 activities of an authorized commercial lessor or authorized
 5-39 organization unless the authority is expressly granted by this
 5-40 chapter or is necessary to administer this chapter; or

5-41 (2) any person engaged in a business that is not
 5-42 subject to this chapter or to Chapter 466 or 467, Government Code.

5-43 SECTION 15. Section 2001.053, Occupations Code, is amended
 5-44 to read as follows:

5-45 Sec. 2001.053. OFFICERS AND INVESTIGATORS. (a) The
 5-46 commission may employ officers or investigators the commission
 5-47 considers necessary to administer this chapter.

5-48 (b) An officer or investigator employed by the commission
 5-49 may not carry a firearm or badge and may not wear a hat, uniform, or
 5-50 other clothing with any type of insignia indicating the officer's
 5-51 or investigator's official position, while conducting a routine
 5-52 inspection of bingo premises or a business office of a licensed
 5-53 authorized organization.

5-54 SECTION 16. Section 2001.055, Occupations Code, is amended
 5-55 to read as follows:

5-56 Sec. 2001.055. REGULATION OF GAMES. (a) The commission by
 5-57 rule may establish the number and type of bingo games that may be
 5-58 played during a bingo occasion.

5-59 (b) The commission, to the extent consistent with this
 5-60 chapter, shall support the efforts of licensed authorized
 5-61 organizations to develop and offer new types of bingo games and to
 5-62 apply new technology to bingo games.

5-63 SECTION 17. Subchapter B, Chapter 2001, Occupations Code,
 5-64 is amended by adding Section 2001.0555 to read as follows:

5-65 Sec. 2001.0555. COMPLIANCE MONITORING. The commission
 5-66 shall adopt rules to govern the commission's monitoring of a
 5-67 license holder to determine if the license holder is in compliance
 5-68 with this chapter or rules adopted under this chapter. The rules
 5-69 must at a minimum address audits and inspections and other

6-1 compliance and enforcement activities.

6-2 SECTION 18. Section 2001.057, Occupations Code, is amended
6-3 by adding Subsections (h) and (i) to read as follows:

6-4 (h) The committee shall annually develop a work plan
6-5 detailing the committee's objectives and the issues to be addressed
6-6 by the committee during the year. The plan must:

6-7 (1) assess trends in the charitable bingo industry;

6-8 (2) review bingo rules to determine whether changes,
6-9 additions, or deletions are needed; and

6-10 (3) address other issues as determined by the
6-11 commission.

6-12 (i) The committee shall perform a review at the end of each
6-13 year to:

6-14 (1) assess the committee's accomplishments during the
6-15 year;

6-16 (2) identify opportunities for improving the
6-17 commission's regulation of bingo; and

6-18 (3) develop specific recommendations for commission
6-19 action.

6-20 SECTION 19. Subchapter B, Chapter 2001, Occupations Code,
6-21 is amended by adding Section 2001.059 to read as follows:

6-22 Sec. 2001.059. ADVISORY OPINIONS. (a) A person may
6-23 request from the director of the bingo division an advisory opinion
6-24 regarding compliance with this chapter and the rules of the policy
6-25 board.

6-26 (b) The director of the bingo division shall respond to a
6-27 request under Subsection (a) not later than the 30th day after the
6-28 date a request is received, unless the director determines that the
6-29 request does not contain sufficient facts to provide an answer on
6-30 which the requestor may rely. In that event, the director shall
6-31 request additional information from the requestor not later than
6-32 the 10th day after the date the request is received. If the
6-33 director requests additional information, the director shall
6-34 respond to the request not later than the 30th day after the date
6-35 additional information is received pursuant to the request for
6-36 additional information.

6-37 (c) A person who requests an advisory opinion under
6-38 Subsection (a) may act in reliance on the opinion in the conduct of
6-39 any activity under any license issued under this chapter if the
6-40 conduct is substantially consistent with the opinion and the facts
6-41 stated in the request.

6-42 SECTION 20. Section 2001.101, Occupations Code, is amended
6-43 to read as follows:

6-44 Sec. 2001.101. AUTHORIZED ORGANIZATION. (a) The
6-45 commission may license a person who is an authorized organization
6-46 eligible for a license to conduct bingo if the person has been in
6-47 existence for the time required by commission rule to ensure the
6-48 continuity and bona fide nature of the organization and is:

6-49 (1) a religious society ~~[that has existed in this~~
6-50 state for at least eight years];

6-51 (2) a nonprofit organization:

6-52 (A) whose predominant activities are for the
6-53 support of medical research or treatment programs; and

6-54 (B) that ~~[for at least three years]:~~

6-55 (i) has ~~[must have had]~~ a governing body or
6-56 officers elected by a vote of members or by a vote of delegates
6-57 elected by the members; or

6-58 (ii) is ~~[must have been]~~ affiliated with a
6-59 state or national organization organized to perform the same
6-60 purposes as the nonprofit organization;

6-61 (3) a fraternal organization;

6-62 (4) a veterans organization; or

6-63 (5) a volunteer fire department.

6-64 (b) A fraternal organization:

6-65 (1) ~~[must have been organized in this state for at~~
6-66 least three years,

6-67 ~~[-2-]~~ must have ~~[had during the three-year period]~~ a
6-68 bona fide membership actively and continuously engaged as an
6-69 organization in furthering its authorized purposes; and

7-1 (2) [~~(3)~~] may not have authorized a person on behalf of
7-2 its membership, governing body, or officers to support or oppose a
7-3 particular candidate for public office by:

- 7-4 (A) making political speeches;
- 7-5 (B) passing out cards or other political
7-6 literature;
- 7-7 (C) writing letters;
- 7-8 (D) signing or circulating petitions;
- 7-9 (E) making campaign contributions; or
- 7-10 (F) soliciting votes.

7-11 SECTION 21. Subsection (d), Section 2001.103, Occupations
7-12 Code, is amended to read as follows:

7-13 (d) An organization operating under a temporary license is
7-14 subject to:

- 7-15 (1) the taxes and fees authorized or imposed by this
7-16 chapter; ~~and~~
- 7-17 (2) the standard licensing oversight of the
7-18 commission, including audits and inspections; and
- 7-19 (3) the other provisions of this chapter to the extent
7-20 they can be made applicable.

7-21 SECTION 22. Section 2001.104, Occupations Code, is amended
7-22 by adding Subsection (d) to read as follows:

7-23 (d) An applicant shall pay the fees established under
7-24 Subsection (a) annually. An applicant for a license or renewal of a
7-25 license may obtain a license that is effective for two years by
7-26 paying an amount equal to two times the amount of the annual license
7-27 fee plus \$25.

7-28 SECTION 23. Section 2001.105, Occupations Code, is amended
7-29 by adding Subsection (c) to read as follows:

7-30 (c) Except as provided by Section 2001.104(d), a license
7-31 issued under this subchapter is effective for one year.

7-32 SECTION 24. Subchapter C, Chapter 2001, Occupations Code,
7-33 is amended by adding Section 2001.108 to read as follows:

7-34 Sec. 2001.108. LICENSE AMENDMENT FOR CHANGE OF BINGO
7-35 PREMISES OR OCCASIONS. (a) A licensed authorized organization and
7-36 the licensed commercial lessor at which the organization conducts
7-37 or will conduct bingo may file a joint application with the
7-38 commission to change the premises at which the organization may
7-39 conduct bingo or the times of the organization's bingo occasions to
7-40 allow the organization to conduct bingo at the same time and
7-41 premises that another licensed authorized organization is licensed
7-42 to conduct bingo, if the other organization has ceased, or will
7-43 cease, conducting bingo at that time and premises. The application
7-44 must state whether the other organization has ceased conducting
7-45 bingo at that time and premises because:

- 7-46 (1) the organization has abandoned or will abandon its
7-47 licensed time or premises; or
- 7-48 (2) the organization's lease has been or will be
7-49 terminated.

7-50 (b) If the other organization ceased or will cease
7-51 conducting bingo for the reason stated in Subsection (a)(1), the
7-52 commission must act on the joint application filed under Subsection
7-53 (a) not later than the 10th day after the date the application is
7-54 filed with the commission.

7-55 (c) If the other organization ceased or will cease
7-56 conducting bingo for the reason stated in Subsection (a)(2), the
7-57 commission must act on the joint application filed under Subsection
7-58 (a) not later than the 10th day after the date the application is
7-59 filed with the commission or the date on which the termination takes
7-60 effect, whichever is later.

7-61 (d) If the commission fails to act within the time provided
7-62 by Subsection (b) or (c), the licensed authorized organization may
7-63 act as if the change in premises or bingo occasions has been
7-64 approved by the commission and may conduct bingo at the new premises
7-65 or during the new bingo occasion until the commission acts on the
7-66 application.

7-67 (e) Notwithstanding Subsection (d), the commission may
7-68 issue temporary licenses to one or more licensed authorized
7-69 organizations that conduct bingo at the same location as an

8-1 organization that has or will cease to conduct bingo, which are in
 8-2 addition to the number of temporary licenses each organization is
 8-3 entitled to under another provision of this chapter. The
 8-4 commission is not required to act on a joint application under
 8-5 Subsection (a) within the time provided by this section for the
 8-6 additional temporary licenses if the number of additional temporary
 8-7 licenses is sufficient to allow the other organization to conduct
 8-8 bingo during the licensed times of the organization that has or will
 8-9 cease to conduct bingo.

8-10 SECTION 25. Subsection (a), Section 2001.152, Occupations
 8-11 Code, is amended to read as follows:

8-12 (a) The commission may issue a commercial lessor license
 8-13 only to:

8-14 (1) a licensed authorized organization that owns or
 8-15 leases a premises where bingo is or will be conducted or an
 8-16 association of licensed authorized organizations that jointly own
 8-17 or lease premises where bingo is or will be conducted and that the
 8-18 organization or association leases or offers for lease to one or
 8-19 more other authorized organizations for the conduct of bingo; or

8-20 ~~(2) [a person who leases premises to a single licensed~~
 8-21 ~~authorized organization that subleases or will sublease the~~
 8-22 ~~premises to one or more other licensed authorized organizations for~~
 8-23 ~~the conduct of bingo; or~~

8-24 ~~[(3)]~~ a person who leases premises for the total
 8-25 control and exclusive use of only one licensed authorized
 8-26 organization as that organization's primary business office.

8-27 SECTION 26. Section 2001.158, Occupations Code, is amended
 8-28 by adding Subsection (d) to read as follows:

8-29 (d) An applicant for a commercial lessor license shall pay
 8-30 the fees established under Subsection (a) annually. An applicant
 8-31 for a license or renewal of a license may obtain a license that is
 8-32 effective for two years by paying an amount equal to two times the
 8-33 amount of the annual license fee plus \$25.

8-34 SECTION 27. Subsection (c), Section 2001.159, Occupations
 8-35 Code, is amended to read as follows:

8-36 (c) Except as provided by Section 2001.158(d), the [The]
 8-37 period may not exceed one year.

8-38 SECTION 28. Section 2001.214, Occupations Code, is amended
 8-39 to read as follows:

8-40 Sec. 2001.214. LICENSE TERM. (a) Except as provided by
 8-41 Subsection (b), a [A] manufacturer's or distributor's license is
 8-42 effective for one year unless revoked or suspended by the
 8-43 commission.

8-44 (b) A manufacturer or distributor may obtain a license that
 8-45 is effective for two years by paying an amount equal to two times
 8-46 the amount of the annual license fee plus \$1,000.

8-47 SECTION 29. Subsection (a), Section 2001.218, Occupations
 8-48 Code, is amended to read as follows:

8-49 (a) Each sale or lease of bingo supplies or equipment to a
 8-50 license holder under this chapter must be on terms of immediate
 8-51 payment or on terms requiring payment not later than the 30th day
 8-52 after the date of actual delivery.

8-53 SECTION 30. Subchapter G, Chapter 2001, Occupations Code,
 8-54 is amended by adding Section 2001.3015 to read as follows:

8-55 Sec. 2001.3015. LICENSING RULES. The commission by rule
 8-56 shall:

8-57 (1) establish comprehensive qualifications for a
 8-58 person to be licensed or the person's license to be renewed under
 8-59 this chapter;

8-60 (2) develop a standard license renewal process, from
 8-61 submission to completion, for each license issued under this
 8-62 chapter to ensure that a license holder continues to meet the
 8-63 eligibility requirements provided by this chapter and commission
 8-64 rule; and

8-65 (3) establish standards of conduct for a person
 8-66 licensed under this chapter.

8-67 SECTION 31. Section 2001.307, Occupations Code, is amended
 8-68 to read as follows:

8-69 Sec. 2001.307. MAXIMUM LICENSE TERM. Except as otherwise

9-1 provided by this chapter, a [A] license issued under this chapter
 9-2 may not be effective for more than one year.

9-3 SECTION 32. Subchapter G, Chapter 2001, Occupations Code,
 9-4 is amended by adding Sections 2001.313 and 2001.314 to read as
 9-5 follows:

9-6 Sec. 2001.313. REGISTRY OF APPROVED BINGO WORKERS. (a) To
 9-7 minimize duplicate criminal history background checks by the
 9-8 commission and the costs incurred by organizations and individuals,
 9-9 the commission shall maintain a registry of persons on whom the
 9-10 commission has conducted a criminal history background check and
 9-11 who are approved to be involved in the conduct of bingo or to act as
 9-12 a bingo operator.

9-13 (b) A person listed in the registry may be involved in the
 9-14 conduct of bingo or act as an operator at any location at which
 9-15 bingo is lawfully conducted.

9-16 (c) The commission shall make the registry information
 9-17 available to the public by publishing it on the commission's
 9-18 website and by responding to telephone, e-mail, and facsimile
 9-19 requests. This subsection does not require the commission to
 9-20 disclose information that is confidential by law.

9-21 Sec. 2001.314. IDENTIFICATION CARD FOR APPROVED BINGO
 9-22 WORKER. (a) The commission may require a person listed in the
 9-23 registry maintained under Section 2001.313 to wear an
 9-24 identification card to identify the person to license holders,
 9-25 bingo players, and commission staff while the person is on duty
 9-26 during the conduct of bingo. The commission by rule shall prescribe
 9-27 the form and content of the card.

9-28 (b) The commission may provide the identification card or
 9-29 may provide a form to be completed by a person that allows the
 9-30 person to prepare the identification card. The commission may
 9-31 collect a reasonable charge to cover the cost of providing the card
 9-32 or form.

9-33 (c) A person is not required to obtain the identification
 9-34 card or form from the commission, but may obtain a substantially
 9-35 identical card or form from another source.

9-36 (d) An identification card required by the commission under
 9-37 this section to be worn by a person while on duty during the conduct
 9-38 of bingo must be in substantial compliance with the form and content
 9-39 requirements prescribed by the commission under this section.

9-40 (e) The commission may not require any other person licensed
 9-41 under this chapter, or a person acting on the license holder's
 9-42 behalf, to wear an identification card, whether or not the person is
 9-43 present or performing the person's duties during the conduct of
 9-44 bingo.

9-45 SECTION 33. Section 2001.351, Occupations Code, is amended
 9-46 to read as follows:

9-47 Sec. 2001.351. DENIAL OF LICENSE. (a) The commission may
 9-48 deny an application for a license or renewal of a license issued
 9-49 under this chapter for a cause that would permit or require the
 9-50 suspension or revocation of a license issued under this chapter.

9-51 (b) In making a determination whether to renew a license,
 9-52 the commission shall consider the compliance history of a license
 9-53 holder. The commission shall adopt rules to govern the specific
 9-54 areas of compliance history that may be considered in the renewal
 9-55 determination.

9-56 (c) After an opportunity for a hearing, the commission may
 9-57 deny an application for renewal of a license if the applicant's
 9-58 compliance history reveals conduct that is inconsistent with this
 9-59 chapter or the commission's rules adopted under this chapter in the
 9-60 specific areas considered by the commission in accordance with the
 9-61 rules adopted under Subsection (b).

9-62 SECTION 34. Section 2001.355, Occupations Code, is amended
 9-63 by amending Subsection (b) and adding Subsection (d) to read as
 9-64 follows:

9-65 (b) Before temporarily suspending a license, the director
 9-66 of bingo operations must follow any prehearing rules adopted by the
 9-67 commission to determine if the license holder's continued operation
 9-68 may constitute:

9-69 (1) an immediate threat to the health, safety, morals,

10-1 or welfare of the public; or

10-2 (2) a financial loss to this state, which includes a
 10-3 license holder's failure to remit taxes under Section 2001.501 or
 10-4 prize fee payments under Section 2001.502 to the commission as
 10-5 required by those sections.

10-6 (d) The commission shall adopt rules to govern the temporary
 10-7 suspension of a license under this section.

10-8 SECTION 35. Subsection (a), Section 2001.406, Occupations
 10-9 Code, is amended to read as follows:

10-10 (a) The rent charged by a licensed commercial lessor to a
 10-11 licensed authorized organization to conduct bingo may not exceed
 10-12 \$600 for each bingo occasion conducted on the lessor's premises
 10-13 [~~unless the organization subleases the premises to one or more~~
 10-14 ~~other licensed authorized organizations to conduct bingo, in which~~
 10-15 ~~event the rent charged by the licensed commercial lessor may not~~
 10-16 ~~exceed \$600 for each day].~~

10-17 SECTION 36. Section 2001.411, Occupations Code, is amended
 10-18 by adding Subsection (e) to read as follows:

10-19 (e) The commission may not prohibit an operator responsible
 10-20 for conducting, promoting, or administering bingo from acting as a
 10-21 bingo caller for a licensed authorized organization during a bingo
 10-22 occasion. This subsection does not relieve the operator of the duty
 10-23 to be available to a commission employee or bingo player if required
 10-24 by this chapter.

10-25 SECTION 37. Subchapter I, Chapter 2001, Occupations Code,
 10-26 is amended by adding Section 2001.4115 to read as follows:

10-27 Sec. 2001.4115. JOINT EMPLOYMENT OF BINGO EMPLOYEES. Two
 10-28 or more licensed authorized organizations conducting bingo at the
 10-29 same premises may jointly hire bingo employees. One organization
 10-30 may act as the employee's employer and the other organization may
 10-31 reimburse the employing organization for the other organization's
 10-32 share of the employee's compensation and other employment-related
 10-33 costs. A reimbursement under this section is an authorized expense
 10-34 and must be made from the bingo account of the reimbursing
 10-35 organization.

10-36 SECTION 38. Section 2001.413, Occupations Code, is amended
 10-37 to read as follows:

10-38 Sec. 2001.413. ADMISSION CHARGE REQUIRED. Except as
 10-39 provided by Section 2001.4155, a [A] licensed authorized
 10-40 organization may not offer or provide to a person the opportunity to
 10-41 play bingo without charge.

10-42 SECTION 39. Section 2001.415, Occupations Code, is amended
 10-43 to read as follows:

10-44 Sec. 2001.415. ADVERTISEMENTS. (a) A person other than a
 10-45 licensed authorized organization, licensed commercial lessor, or
 10-46 the commission may not advertise bingo.

10-47 (b) A licensed authorized organization, licensed commercial
 10-48 lessor, or the commission may include in an advertisement or
 10-49 promotion the amount of a prize or series of prizes offered at a
 10-50 bingo occasion.

10-51 SECTION 40. Subchapter I, Chapter 2001, Occupations Code,
 10-52 is amended by adding Section 2001.4155 to read as follows:

10-53 Sec. 2001.4155. GIFT CERTIFICATES. (a) Nothing in this
 10-54 chapter prohibits a licensed authorized organization or licensed
 10-55 commercial lessor from distributing or accepting a gift certificate
 10-56 that entitles the bearer of the certificate to enter bingo premises
 10-57 or to play a bingo game, including instant bingo.

10-58 (b) A licensed authorized organization or licensed
 10-59 commercial lessor that distributes or accepts a gift certificate
 10-60 must keep adequate records relating to the gift certificate as
 10-61 provided by commission rule.

10-62 SECTION 41. Chapter 2001, Occupations Code, is amended by
 10-63 adding Subchapter I-1 to read as follows:

10-64 SUBCHAPTER I-1. UNIT ACCOUNTING

10-65 Sec. 2001.431. DEFINITIONS. In this subchapter:

10-66 (1) "Unit" means two or more licensed authorized
 10-67 organizations that conduct bingo at the same location joining
 10-68 together to share revenues, authorized expenses, and inventory
 10-69 related to bingo operations.

11-1 (2) "Unit accounting" means a method by which licensed
 11-2 authorized organizations that are members of a unit account for the
 11-3 sharing of revenues, authorized expenses, and inventory related to
 11-4 bingo operations.

11-5 (3) "Unit accounting agreement" means a written
 11-6 agreement by all the licensed authorized organizations that are
 11-7 members of a unit that contains, at a minimum:

11-8 (A) the taxpayer name and number of each licensed
 11-9 authorized organization that is a member of the unit;

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

11-13 (C) the name of the unit manager or designated
 11-14 agent of the unit; and

11-15 (D) the methods by which the unit may be
 11-16 dissolved and by which one or more members of the unit may withdraw
 11-17 from participation in the unit, including the distribution of
 11-18 funds, records, and inventory and the allocation of authorized
 11-19 expenses and liabilities on dissolution or withdrawal of one or
 11-20 more members of the unit.

11-21 (4) "Unit manager" means an individual licensed under
 11-22 this subchapter to be responsible for the revenues, authorized
 11-23 expenses, and inventory of a unit.

11-24 Sec. 2001.432. FORMING ACCOUNTING UNIT. (a) Two or more
 11-25 licensed authorized organizations may form and operate a unit as
 11-26 provided by this subchapter by:

11-27 (1) executing a unit accounting agreement; and

11-28 (2) stating in the unit accounting agreement whether
 11-29 the unit will use:

11-30 (A) a unit manager; or

11-31 (B) a designated agent.

11-32 (b) More than one unit may be formed at a single location. A
 11-33 licensed authorized organization may not be a member of more than
 11-34 one unit.

11-35 (c) This subchapter does not require a licensed authorized
 11-36 organization to join a unit. Except as provided by Subsection (d),
 11-37 whether to join or withdraw from a unit is at the discretion of each
 11-38 licensed authorized organization.

11-39 (d) The members of a unit may determine whether to allow
 11-40 another licensed authorized organization to join the unit. The
 11-41 terms of the withdrawal of a member from the unit are governed by
 11-42 the unit accounting agreement.

11-43 Sec. 2001.433. APPLICABILITY OF CHAPTER. A licensed
 11-44 authorized organization that uses unit accounting is subject to the
 11-45 other provisions of this chapter to the extent the provisions are
 11-46 applicable and are not inconsistent with this subchapter.

11-47 Sec. 2001.434. CONDUCT OF BINGO. (a) Each licensed
 11-48 authorized organization that is a member of a unit shall conduct its
 11-49 bingo games separately from the bingo games of the other members of
 11-50 the unit.

11-51 (b) A unit may purchase or lease bingo supplies and
 11-52 equipment in the same manner as a licensed authorized organization.

11-53 (c) A licensed distributor may sell or lease bingo supplies
 11-54 or equipment to a unit in the same manner as the distributor sells
 11-55 or leases bingo supplies and equipment to a licensed authorized
 11-56 organization.

11-57 Sec. 2001.435. UNIT ACCOUNTING. (a) A unit:

11-58 (1) shall establish and maintain one checking account
 11-59 designated as the unit's bingo account;

11-60 (2) shall maintain one inventory of bingo supplies and
 11-61 equipment for use in the bingo operations of members of the unit;
 11-62 and

11-63 (3) may maintain an interest-bearing savings account
 11-64 designated as the unit's bingo savings account.

11-65 (b) Each member of a unit shall deposit into the unit's
 11-66 bingo account all funds derived from the conduct of bingo, less the
 11-67 amount awarded as cash prizes under Sections 2001.420(a) and (b).
 11-68 The deposit shall be made not later than the next business day after
 11-69 the day of the bingo occasion on which the receipts were obtained.

12-1 (c) All authorized expenses and distributions of the unit
 12-2 and its members shall be paid from the unit's bingo checking
 12-3 account.

12-4 Sec. 2001.436. DISBURSEMENT OF FUNDS BY DISSOLVED UNIT.

12-5 (a) Sections 2001.457(a) and (b) apply to a unit formed under this
 12-6 subchapter. For purposes of this subchapter, the requirements of
 12-7 Sections 2001.457(a) and (b) that are applicable to a licensed
 12-8 authorized organization shall be applied to a unit.

12-9 (b) A unit that has dissolved for any reason and has
 12-10 unexpended bingo funds shall disburse those funds to the bingo
 12-11 account of each member of the unit before the end of the next
 12-12 calendar quarter after the calendar quarter in which the unit
 12-13 dissolves.

12-14 (c) For purposes of the application of Sections 2001.457(a)
 12-15 and (b) to a unit under this section:

12-16 (1) "adjusted gross receipts" means gross receipts
 12-17 less the amount of cost of goods purchased by a unit and prizes paid
 12-18 in the preceding quarter; and

12-19 (2) "cost of goods purchased by a unit" means the cost
 12-20 of bingo paper and pull-tab bingo tickets purchased by the unit and
 12-21 payments to distributors for electronic card-minding devices.

12-22 Sec. 2001.437. UNIT MANAGER; LICENSE. (a) If the unit
 12-23 accounting agreement of a unit states that a unit manager is
 12-24 responsible for compliance with commission rules and this chapter,
 12-25 the unit manager is responsible for:

12-26 (1) the filing of one quarterly report for the unit on
 12-27 a form prescribed by the commission; and

12-28 (2) the payment of taxes and fees and the maintenance
 12-29 of the bingo inventory and financial records of the unit.

12-30 (b) A unit with a unit manager shall notify the commission
 12-31 of the name of the unit manager and immediately notify the
 12-32 commission of any change of unit manager.

12-33 (c) A person may not provide services as a unit manager to
 12-34 licensed authorized organizations that form a unit unless the
 12-35 person holds a unit manager license under this subchapter. A person
 12-36 designated as an agent under Section 2001.438(b) is not a unit
 12-37 manager on account of that designation for purposes of this
 12-38 section.

12-39 (d) An applicant for a unit manager license must file with
 12-40 the commission a written application on a form prescribed by the
 12-41 commission that includes:

12-42 (1) the name and address of the applicant;

12-43 (2) information regarding whether the applicant, or
 12-44 any officer, director, or employee of the applicant, has been
 12-45 convicted of a felony, criminal fraud, gambling or gambling-related
 12-46 offense, or crime of moral turpitude; and

12-47 (3) any other information required by commission rule.

12-48 (e) The commission by rule shall establish an annual license
 12-49 fee for a unit manager license in an amount reasonable to defray
 12-50 administrative costs plus any costs incurred to conduct a criminal
 12-51 background check.

12-52 (f) A person who holds a unit manager license shall post a
 12-53 bond or other security pursuant to Section 2001.514.

12-54 (g) A person is not eligible for a unit manager license
 12-55 under this subchapter if the person, or any officer, director, or
 12-56 employee of the person:

12-57 (1) has been convicted of a felony, criminal fraud, a
 12-58 gambling or gambling-related offense, or crime of moral turpitude,
 12-59 if less than 10 years has elapsed since the termination of a
 12-60 sentence, parole, or community supervision served for the offense;

12-61 (2) is an owner, officer, or director of a licensed
 12-62 commercial lessor, is employed by a licensed commercial lessor, or
 12-63 is related to a licensed commercial lessor within the second degree
 12-64 by consanguinity or affinity, unless the holder of the license is a
 12-65 licensed authorized organization or an association of licensed
 12-66 authorized organizations; or

12-67 (3) holds or is listed on another license under this
 12-68 chapter, unless the holder of the license is a licensed authorized
 12-69 organization or an association of licensed authorized

13-1 organizations.

13-2 (h) A unit manager must complete the training required by
13-3 Section 2001.107.

13-4 Sec. 2001.438. AGREEMENT WITHOUT UNIT MANAGER. (a) This
13-5 section applies to a unit if the unit accounting agreement for the
13-6 unit:

13-7 (1) does not state that a unit manager will be
13-8 responsible for compliance with the rules of the commission and
13-9 this chapter; or

13-10 (2) states that the unit will use a designated agent.

13-11 (b) The unit shall designate with the commission an agent
13-12 who will be responsible for providing the commission access to all
13-13 inventory and financial records of the unit on request of the
13-14 commission.

13-15 (c) The agent designated under Subsection (b) may not:

13-16 (1) hold or be listed on another license issued under
13-17 this chapter, unless the holder of the license is a licensed
13-18 authorized organization or an association of licensed authorized
13-19 organizations; or

13-20 (2) be an owner, officer, or director of a licensed
13-21 commercial lessor, be employed by a licensed commercial lessor, or
13-22 be related to a licensed commercial lessor within the second degree
13-23 by consanguinity or affinity, unless the holder of the license is a
13-24 licensed authorized organization or an association of licensed
13-25 authorized organizations.

13-26 (d) The unit shall immediately notify the commission of any
13-27 change in the agent designated under Subsection (b).

13-28 (e) The designated agent must complete the training
13-29 required by Section 2001.107.

13-30 (f) Each licensed authorized organization that is a member
13-31 of the unit shall be jointly and severally liable for:

13-32 (1) compliance with the requirements of this
13-33 subchapter and the rules of the commission relating to the filing of
13-34 required reports;

13-35 (2) the maintenance of bingo inventory and financial
13-36 records; and

13-37 (3) the payment of taxes, fees, and any penalties
13-38 imposed for a violation of this subchapter or commission rules
13-39 related to the operations of the unit.

13-40 (g) Each licensed authorized organization that is a member
13-41 of the unit may be made a party to any administrative or judicial
13-42 action relating to the enforcement of this subchapter or the rules
13-43 of the commission pertaining to the operation of the unit.

13-44 Sec. 2001.439. TRUST AGREEMENT. (a) Notwithstanding any
13-45 other provision of this subchapter, a unit may be formed pursuant to
13-46 a trust agreement between two or more licensed authorized
13-47 organizations that conduct bingo at the same location. The
13-48 agreement must:

13-49 (1) designate one of the organizations as the trustee;

13-50 (2) designate a person who will carry out the duties
13-51 described by Section 2001.438(b);

13-52 (3) specify the method by which the unit will comply
13-53 with the requirements of Section 2001.436(a); and

13-54 (4) state that the trustee is responsible for
13-55 compliance with the rules of the commission and this chapter.

13-56 (b) The commission by rule may prohibit a person from
13-57 serving as a unit manager or as a designated agent for a unit that
13-58 does not use a unit manager if the person has failed to comply with
13-59 the duties required of the person as a unit manager or designated
13-60 agent.

13-61 (c) The commission may prohibit a person who serves as a
13-62 designated agent that is listed on a license under this chapter,
13-63 including having been approved by the commission to work in the
13-64 bingo operations of a licensed authorized organization or as an
13-65 operator, from holding or being listed on any license or from being
13-66 approved to work in the bingo operations of any licensed authorized
13-67 organization or to serve as an operator if the person has failed to
13-68 comply with the duties required of the person as a unit manager or
13-69 designated agent.

14-1 SECTION 42. Section 2001.451, Occupations Code, is amended
 14-2 by amending Subsection (b) and adding Subsections (b-1) and (g)
 14-3 through (k) to read as follows:

14-4 (b) A licensed authorized organization shall deposit in the
 14-5 bingo account all funds derived from the conduct of bingo, less the
 14-6 amount awarded as cash prizes under Sections 2001.420(a) and (b).
 14-7 Except as provided by Subsection (b-1), a [A] deposit must be made
 14-8 not later than the next business day after the day of the bingo
 14-9 occasion on which the receipts were obtained.

14-10 (b-1) A licensed authorized organization may deposit funds
 14-11 derived from the conduct of bingo that are paid through a debit card
 14-12 transaction in the bingo fund not later than 72 hours after the
 14-13 transaction.

14-14 (g) The commission shall adopt rules to allow a licensed
 14-15 authorized organization to retain a maximum amount, which must be
 14-16 at least equal to the organization's average daily bingo expenses
 14-17 over the preceding four quarters multiplied by 180 but not more than
 14-18 \$50,000, as operating capital in the organization's bingo account.

14-19 (h) A licensed authorized organization's bingo operations
 14-20 must result in net proceeds being earned by the organization over
 14-21 the organization's licensing period.

14-22 (i) Notwithstanding Subsection (g):

14-23 (1) on September 1, 2003, if an organization has a
 14-24 balance in its bingo account of more than the maximum amount of
 14-25 operating capital allowed under rules adopted by the commission
 14-26 under that subsection, the organization shall distribute the funds
 14-27 in excess of its maximum operating capital to charitable purposes
 14-28 within:

14-29 (A) one year if the excess amount is less than 200
 14-30 percent of the maximum amount of operating capital;

14-31 (B) two years if the excess amount is more than
 14-32 200 percent but less than 300 percent of the maximum amount of
 14-33 operating capital; or

14-34 (C) three years if the excess amount is 300
 14-35 percent or more of the maximum amount of operating capital;

14-36 (2) a licensed authorized organization may transfer
 14-37 net proceeds of bingo from its bingo savings account or its general
 14-38 fund into the bingo account if the balance in the bingo account is
 14-39 less than the maximum amount of operating capital allowed by this
 14-40 section and the organization notifies the commission not later than
 14-41 the seventh working day after the date of the transfer; and

14-42 (3) the commission by rule shall provide for a maximum
 14-43 amount of operating capital that may be maintained in the bingo
 14-44 account by a licensed authorized organization:

14-45 (A) that has conducted bingo for less than one
 14-46 year; or

14-47 (B) that experiences circumstances beyond the
 14-48 control of the organization, such as force majeure.

14-49 (j) A licensed authorized organization may apply for and the
 14-50 commission may grant approval of a waiver of the requirements of
 14-51 Subsection (i)(1) or Section 2001.457 if the organization
 14-52 establishes good cause why complying with the requirements will
 14-53 work to the detriment of the existing or planned charitable
 14-54 purposes of the organization.

14-55 (k) This subsection and Subsections (i) and (j) expire
 14-56 September 1, 2006.

14-57 SECTION 43. Section 2001.454, Occupations Code, is amended
 14-58 to read as follows:

14-59 Sec. 2001.454. USE OF NET PROCEEDS FOR CHARITABLE PURPOSES.
 14-60 (a) A licensed authorized organization shall devote to the [a]
 14-61 charitable purposes of the organization [purpose] its net proceeds
 14-62 of bingo and any rental of premises.

14-63 (b) Except as otherwise provided by law, the [The] net
 14-64 proceeds derived from bingo and any rental of premises are
 14-65 dedicated to the [a] charitable purposes of the organization
 14-66 [purpose] only if directed to a cause, deed, or activity that is
 14-67 consistent with the federal tax exemption under which the
 14-68 organization qualifies as a nonprofit organization as defined by
 14-69 Section 2001.002[+]

15-1 ~~[(1) benefits an indefinite number of needy or~~
 15-2 ~~deserving persons in this state by:~~
 15-3 ~~[(A) enhancing their opportunity for religious~~
 15-4 ~~or educational advancement;~~
 15-5 ~~[(B) relieving them from disease, suffering, or~~
 15-6 ~~distress;~~
 15-7 ~~[(C) contributing to their physical well-being;~~
 15-8 ~~[(D) assisting them in establishing themselves~~
 15-9 ~~in life as worthy and useful citizens; or~~
 15-10 ~~[(E) increasing their comprehension of and~~
 15-11 ~~devotion to the principles on which this nation was founded and~~
 15-12 ~~enhancing their loyalty to their government; or~~
 15-13 ~~[(2) initiates, performs, or fosters worthy public~~
 15-14 ~~works in this state or enables or furthers the erection or~~
 15-15 ~~maintenance of public structures in this state].~~

15-16 SECTION 44. Subsections (a), (b), and (d), Section
 15-17 2001.457, Occupations Code, are amended to read as follows:

15-18 (a) Before the end of each quarter, a licensed authorized
 15-19 organization shall disburse for charitable purposes all ~~[an amount~~
 15-20 ~~not less than 35 percent]~~ of the organization's adjusted gross
 15-21 receipts from the preceding quarter, except for the amount that may
 15-22 be retained as provided by Section 2001.451(g) ~~[, less the amount of~~
 15-23 ~~authorized expenses not to exceed six percent of the gross~~
 15-24 ~~receipts].~~

15-25 (b) The commission shall sanction ~~[If]~~ a licensed
 15-26 authorized organization that fails to make ~~[meet]~~ the disbursement
 15-27 required by Subsection (a) or to make any disbursement for
 15-28 charitable purposes ~~[requirements of this section]~~ for a quarter.
 15-29 The ~~[, the]~~ commission in applying appropriate sanctions may
 15-30 consider whether, taking into account the amount required to be
 15-31 distributed during that quarter and the three preceding quarters
 15-32 and the charitable distributions for each of those quarters, the
 15-33 organization has distributed a total amount sufficient to have met
 15-34 the disbursement requirements ~~[35 percent requirement]~~ for that
 15-35 quarter and the three preceding quarters combined.

15-36 (d) In this section, "adjusted" ~~[+~~
 15-37 ~~[(1) "Adjusted]~~ gross receipts" means gross receipts
 15-38 less the total ~~[amount of cost of goods purchased by an organization~~
 15-39 ~~and]~~ prizes paid in the preceding quarter ~~[+]~~ and the licensed
 15-40 authorized organization's reasonable and necessary expenses as
 15-41 provided by Sections 2001.458 and 2001.459 and by commission rule

15-42 ~~[(2) "Cost of goods purchased by an organization"~~
 15-43 ~~means the cost of bingo paper or pull-tab bingo tickets purchased by~~
 15-44 ~~the organization].~~

15-45 SECTION 45. Subsection (a), Section 2001.458, Occupations
 15-46 Code, is amended to read as follows:

15-47 (a) An item of expense may not be incurred or paid in
 15-48 connection with the conduct of bingo except an expense that is
 15-49 ~~[those expenses that are]~~ reasonable or necessary to conduct bingo,
 15-50 including an expense ~~[and necessarily expended]~~ for:

- 15-51 (1) advertising, including the cost of bingo gift
 15-52 certificates;
- 15-53 (2) security;
- 15-54 (3) repair or maintenance of ~~[repairs to]~~ premises and
 15-55 equipment;
- 15-56 (4) bingo supplies and equipment;
- 15-57 (5) prizes;
- 15-58 (6) stated rental or mortgage and insurance expenses;
- 15-59 (7) bookkeeping, legal, or accounting services
 15-60 related to bingo;
- 15-61 (8) fees ~~[in amounts authorized by the commission]~~ for
 15-62 callers, cashiers, ushers, sales personnel, janitorial services,
 15-63 and utility supplies and services; ~~[and]~~
- 15-64 (9) license fees;
- 15-65 (10) attending a bingo seminar or convention;
- 15-66 (11) debit card transaction fees; and
- 15-67 (12) a salary for a manager to act as the operator
 15-68 responsible for conducting, promoting, or administering bingo.

15-69 SECTION 46. Subsection (a), Section 2001.459, Occupations

Code, is amended to read as follows:

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

- (1) advertising, including the cost of bingo gift certificates;
- (2) security during a bingo occasion;
- (3) the purchase or repair of bingo supplies and equipment;
- (4) prizes, other than authorized cash prizes;
- (5) stated rental expenses;
- (6) bookkeeping, legal, or accounting services;
- (7) fees for callers, cashiers, and ushers;
- (8) janitorial services;
- (9) license fees; and
- (10) payment for services provided by a system service provider.

SECTION 47. Subsection (a), Section 2001.504, Occupations Code, is amended to read as follows:

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

SECTION 48. Subchapter M, Chapter 2001, Occupations Code, is amended by adding Section 2001.6015 to read as follows:

Sec. 2001.6015. ADMINISTRATIVE PENALTY SCHEDULE; TIMELINE.

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

(b) The administrative penalty schedule must:

- (1) allow deviations from the schedule for mitigating circumstances clearly established by the commission;
- (2) include a list of the most common violations and the penalty amounts assessed for those violations; and
- (3) provide the penalty amount in accordance with the seriousness or frequency of each type of violation.

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

- (1) a designated period for a person licensed under this chapter to provide proof of corrective measures taken as required by the commission for a violation of this chapter or commission rules; and
- (2) an approach and a designated period for the commission to subsequently monitor a person found to have committed a significant violation of this chapter or commission rules.

SECTION 49. The following statutes are repealed:

- (1) Section 466.003, Government Code;
- (2) Subsection (b), Section 2001.057, Occupations Code;
- (3) Subsection (b), Section 2001.409, Occupations Code; and
- (4) Subsection (c), Section 2001.410, Occupations Code.

SECTION 50. The change in law made by this Act relating to a license issued under Chapter 2001, Occupations Code, applies only to the license of a person who files an application with the Texas Lottery Commission for a license or the renewal of a license under Chapter 2001, Occupations Code, on or after the effective date of this Act. The license of a person who files an application before the effective date of this Act is governed by the law in effect on the date the application was filed, and the former law is continued in effect for that purpose.

SECTION 51. (a) Not later than January 1, 2004, the Texas Lottery Commission shall:

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

(2) adopt the rules required by:

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

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

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

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

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

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

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

SECTION 52. (a) The changes in law made by this Act in the prohibitions or qualifications applying to a member of the Texas Lottery Commission do not affect the entitlement of a member serving on the Texas Lottery Commission immediately before September 1, 2003, to continue to serve and function as a member of the Texas Lottery Commission for the remainder of the member's term. Those changes in law apply only to a member appointed on or after September 1, 2003.

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

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

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

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

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

SECTION 53. This Act takes effect September 1, 2003.

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