

Amend CSHB 3 by adding a new appropriately numbered ARTICLE to read as follows:

ARTICLE ____ . CHARITABLE BINGO

SECTION ____ . Section 2001.002, Occupations Code, is amended by amending Subdivisions (5) and (11) and adding Subdivisions (9-a), (9-b), (9-c), (13-a), (20-a), (20-b), and (26-a) to read as follows:

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

(A) includes:

(i) a machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;

(ii) an electronic or mechanical cardminding device;

(iii) a pull-tab dispenser;

(iv) a bingo card;

(v) a bingo ball; ~~and~~

(vi) an electronic monitoring terminal;

(vii) a site controller; and

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

(B) does not include:

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

(ii) a commonly available component part of bingo equipment such as a light bulb or fuse.

(11) "Fraternal Organization" means:

(A) a nonprofit organization to perform and engaged primarily in performing charitable, benevolent, patriotic, employment-related, or educational functions that meet the other requirements of this chapter, or

(B) a nonprofit National Historical District Association representing the owners and lessees of a majority of the real property located in a National Historical District designated for not less than five years by the National Register of Historic Places, Heritage Conservations and Recreation Service of the United States Department of the Interior, if the association's net proceeds are used for restoration, construction, maintenance, and security in the district. The term "fraternal organization" does not include an organization whose members are predominantly veterans or dependents of veterans of the armed services of the United States; or

(C) a nonprofit organization that:

(i) is organized under tribal law by a federally recognized Indian tribe that is not subject to the Indian Gaming Regulatory Act (18 U.S.C. Section 1166 et seq. and 25 U.S.C. Section 2701 et seq.) and that exercised tribal authority over a reservation, as defined by 25 U.S.C. Section 1300g, that is located in a county on the international border with Mexico; and

(ii) is organized to perform and is engaged primarily in performing charitable, benevolent, patriotic, employment-related, or educational functions.

(9-a) "Electronic monitoring terminal" means a computer or other electronic terminal with input capabilities and touch screen or other video monitors that may be used to play electronic pull-tab bingo. The term includes a portable, upright, or tabletop terminal.

(9-b) "Electronic pull-tab bingo" means a version of pull-tab bingo that is capable of being played on a card-minding device or electronic monitoring terminal using electronic pull-tab bingo tickets.

(9-c) "Electronic pull-tab bingo ticket" means an electronic or printed ticket used in electronic pull-tab bingo that

is issued from a finite deal of tickets in which some of the tickets have been designated in advance as winning tickets.

(13-a) "Independent testing facility" means a laboratory of national reputation that is demonstrably competent and qualified to scientifically test and evaluate devices for compliance with this chapter. An independent testing facility may not be owned or controlled by a licensee subject to this chapter, except that the licensee may pay the facility for requested testing and evaluation activities.

(20-a) "Player account card" means a plastic, magnetic stripe, paper, or smart card that may be used to:

(A) enable or track the play of bingo games;

(B) track and record customer account data, including electronic credits purchased, played, won, or otherwise available for participating in bingo games; or

(C) redeem credits purchased, played, or won through a cashier or other point-of-sale station or redemption system.

(20-b) "Point-of-sale station" includes a cashier or a terminal that accepts or dispenses player account cards, debit cards, or cash.

(26-a) "Site controller" means computer hardware or software that is located on the premises of a licensed authorized organization and that stores and distributes electronic pull-tab bingo tickets for display on electronic monitoring terminals or card-minding devices.

SECTION __. Section 2001.054, Occupations Code, is amended to read as follows:

Sec. 2001.054. RULEMAKING AUTHORITY. (a) The commission may adopt rules to enforce and administer this chapter.

(b) The commission has broad authority to adopt rules to administer and ensure compliance with Sections 2001.409(b) and 2001.4091-2001.4095.

SECTION __. Subchapter C, Chapter 2001, Occupations Code, is amended by adding Section 2001.1015 to read as follows:

Section 2001.1015. CHARITABLE BINGO BY TRIBAL FRATERNAL ORGANIZATIONS. (a) A nonprofit organization that qualifies as a

fraternal organization under Section 2001.102(11) may conduct bingo on the reservation of the Indian tribe under whose tribal law the organization is organized on adoption by the tribe of rules governing the conduct of bingo by the organization that conform to the provisions of this chapter and of Sections 47(b) and (c), Article III, Texas Constitution.

(b) An organization described by Subsection (a) may conduct bingo activities only in accordance with the provisions of this chapter in compliance with Section 107(b), Ysleta del Sur Pueblo Restoration Act (25 U.S.C. Section 1300g-(6)).

(c) A tribal organization conducting bingo under this section shall collect from a person who wins a bingo prize a fee in the amount of five percent of the amount or value of the prize and remit the fee to the State of Texas in a manner determined by the comptroller to provide funding for the public school finance system.

SECTION __. Subsections (b), (d), and (f), Section 2001.407, Occupations Code, are amended to read as follows:

(b) A licensed distributor may not furnish, by sale, lease, or otherwise, bingo equipment or supplies to a person other than a licensed authorized organization, another licensed distributor, or a person authorized to conduct bingo under Section 2001.551(b)(3) or (4). A sale or lease of bingo equipment or supplies authorized by this section must be made on terms requiring immediate payment or payment not later than the 30th day after the date of actual delivery.

(d) A licensed authorized organization may lease or purchase bingo equipment or supplies [~~electronic or mechanical card-minding devices, pull-tab dispensers, bingo machines, consoles, blowers, and flash boards~~] directly from a licensed distributor.

(f) With the prior written consent of the commission, a licensed authorized organization may make an occasional sale of bingo equipment or supplies [~~cards or of a used bingo flash board or blower~~] to another licensed authorized organization.

SECTION __. Sections 2001.408 and 2001.409, Occupations Code, are amended to read as follows:

Sec. 2001.408. OTHER METHODS FOR PLAYING BINGO.

(a) Subject to the commission's rules, bingo may be played using a pull-tab bingo ticket or an electronic pull-tab bingo ticket.

(b) All prize limitations and exemptions applicable to pull-tab bingo under Section 2001.420 are also applicable to electronic pull-tab bingo.

Sec. 2001.409. CARD-MINDING DEVICES. (a) A person may ~~[not]~~ use a card-minding device:

(1) to account for credits purchased, played, or won by playing electronic pull-tab bingo authorized by this chapter;

(2) to display and exchange credits described by Subdivision (1) for electronic pull-tab bingo tickets that may be played by the person during a bingo occasion;

(3) to read a player account card;

(4) for purchasing, marketing, and playing electronic pull-tab bingo authorized by this chapter; and

(5) to display graphics and animation that correspond to or represent, in an entertaining manner, the outcome of an approved electronic pull-tab bingo ticket or game ~~[generate or determine the random letters, numbers, or other symbols used in playing the bingo card played with the device's assistance;~~

~~[(2) as a receptacle for the deposit of tokens or money in payment for playing the bingo card played with the device's assistance; or~~

~~[(3) as a dispenser for the payment of a bingo prize, including coins, paper currency, or a thing of value for the bingo card played with the device's assistance].~~

(b) The display of graphics and animation used to correspond to, display, or represent the outcome of an approved electronic pull-tab bingo ticket may not be the basis of a requirement that a card-minding device that has previously been approved for the play of electronic pull-tab bingo be retested or reapproved.

SECTION __. Subchapter I, Chapter 2001, Occupations Code, is amended by adding Sections 2001.4091 through 2001.4095 to read as follows:

Sec. 2001.4091. SITE CONTROLLERS. (a) A site controller may be used to:

(1) create, shuffle, store, and configure electronic pull-tab bingo tickets;

(2) distribute electronic pull-tab bingo tickets to electronic monitoring terminals or card-minding devices;

(3) account for, through a means that may include a player account card, electronic credits purchased, played, or won by playing electronic pull-tab bingo authorized by this chapter;

(4) exchange credits described by Subdivision (3) for electronic pull-tab bingo tickets that may be played by a person during a bingo occasion; or

(5) play electronic pull-tab bingo authorized by this chapter.

(b) The creation or distribution of electronic pull-tab bingo tickets by or through a site controller or other method may not be the basis of a requirement that a preapproved site controller be retested or reapproved.

(c) A person who sells or supplies a site controller or other equipment used to play electronic pull-tab bingo is not required to hold a system service provider license, and the functions performed by a site controller or other equipment related to electronic pull-tab bingo may not be construed as the provision of automated bingo services governed by Subchapter F.

(d) A site controller used for electronic pull-tab bingo must be manufactured in accordance with the standards provided by this chapter and is subject to testing by the commission or by an independent testing facility reasonably acceptable to the commission.

(e) The commission may inspect a site controller.

(f) The manufacturer of a site controller shall maintain a central communications system or facility to provide the commission with the ability to review and audit electronic pull-tab bingo sales data.

(g) A site controller must provide a physical and electronic means, by use of a password or other method specified by commission rule, for securing:

(1) electronic pull-tab bingo tickets created, shuffled, stored, and configured by the site controller; and

(2) accounting system data.

(h) Nothing in this chapter requires the use of a site controller to play electronic pull-tab bingo or prohibits the use of other means of creating, shuffling, storing, configuring, or distributing electronic pull-tab bingo tickets. All manufacturers shall maintain a central communications system or facility to provide the commission with the ability to review and audit electronic pull-tab bingo sales data.

Sec. 2001.4092. ELECTRONIC MONITORING TERMINALS. (a) A person may use an electronic monitoring terminal:

(1) to insert or read a player account card;

(2) to account for credits purchased, played, or won by playing electronic pull-tab bingo authorized by this chapter;

(3) to display or exchange credits purchased, won, or otherwise available for play of electronic pull-tab bingo authorized by this chapter; or

(4) for purchasing, marketing, and playing electronic pull-tab bingo authorized by this chapter.

(b) Nothing in this chapter prohibits an electronic monitoring terminal from generating or creating graphics and animation to correspond to, display, or represent, in an entertaining manner, the outcome of an approved electronic pull-tab bingo ticket. The generation or creation of the graphics and animation may not be the basis of a requirement that a preapproved electronic monitoring terminal be retested or reapproved.

Sec. 2001.4093. USE OF CARD-MINDING DEVICES OR ELECTRONIC MONITORING TERMINALS IN ELECTRONIC PULL-TAB BINGO. (a) A card-minding device, a site controller, or an electronic monitoring terminal used for electronic pull-tab bingo:

(1) must be manufactured in accordance with the standards provided by this chapter;

(2) is subject to testing by the commission or by an independent testing facility reasonably acceptable to the commission;

(3) must be approved by the commission prior to use;
and

(4) may not use graphics, audio, lights or animation

to display the play or outcome of an approved electronic pull-tab bingo ticket if the graphics, audio, lights or animation include a spinning reel or reels or the electronic monitoring terminal or card-minding device generates sounds that resemble the sounds of bells, gongs, or whistles or of dropping coins in or spinning reels on a slot machine.

(b) The commission may audit data relating to the sale, exchange, inventory, or play of electronic pull-tab bingo tickets.

(c) The commission may inspect a card-minding device or electronic monitoring terminal. The commission shall not approve any electronic pull-tab bingo ticket or electronic pull-tab bingo display that fails to preserve the integrity of the commission, in that it depicts alcoholic beverages, profane language, or provocative, sexually explicit, or derogatory images or text, or otherwise, and is inconsistent with symbols or displays previously approved by the commission for pull-tab bingo or lottery tickets.

(d) A person may not use a card-minding device or electronic monitoring terminal:

(1) as a receptacle for the deposit of tokens or money in payment for playing bingo played with the device's assistance; or

(2) as a physical dispenser for the payment of a bingo prize, including coins, paper currency, or a thing of value for bingo played with the device's assistance.

(e) A card-minding device, site controller, or electronic monitoring terminal may not be used in connection with electronic pull-tab bingo unless the system that includes the use of the card-minding device, site controller, or electronic monitoring terminal would be a Class II game, if it were subject to the provisions of Chapter 29, Title 25, United States Code, and the rules and regulations under those provisions in effect on January 1, 2005. For purposes of the preceding sentence, the commission may determine that the system that includes the card-minding device, site controller, or electronic monitoring terminal would be a Class II game if it were subject to the provisions of Chapter 29, Title 25, United States Code, and the rules and regulations under those provisions in effect on January 1, 2005. In the alternative, a

licensee may demonstrate that its system complies with the above requirements by submitting evidence to the commission under this subsection, which may include a certification or letter opinion from the National Indian Gaming Commission or an independent testing facility, or a final determination from a court of competent jurisdiction that the system that includes the use of a card-minding device, site controller, or electronic monitoring terminal in connection with electronic pull-tab bingo is a Class II game, and such determination shall be binding on the commission.

(f) All requests for an approval of bingo equipment under this section that are received not later than the 30th day after the date of adoption of a rule establishing the standards for such approval and that satisfy all requirements applicable to such equipment shall be approved on the same date, which shall be no later than the 120th day after the date of adoption of such standards. In no event shall such requests be approved on different dates by the commission. Similar deadlines may be established for future approvals of new card-minding devices, site controllers, or electronic monitoring terminals.

Sec. 2001.4094. AUDIT AND COMPLIANCE OF ELECTRONIC PULL-TAB BINGO. (a) The commission may adopt rules governing:

(1) the central communications system or facility required to be maintained by the manufacturer to provide the commission with the ability to review and audit electronic pull-tab bingo sales data;

(2) the recording and reporting of:

(A) revenue generated from the play of electronic pull-tab bingo;

(B) all stored but unplayed electronic pull-tab bingo tickets or prizes; and

(C) all electronic pull-tab bingo tickets played and total prizes awarded;

(3) if a player account card is used, the recording and tracking of player account information, including electronic credits purchased, played, won, or otherwise available for play for electronic pull-tab bingo authorized by this chapter and electronic credits redeemed for cash; and

(4) the retention of data necessary for audit compliance under this chapter, including a requirement that the data be retained electronically for one year.

(b) The commission may investigate a violation or alleged violation of this chapter.

Sec. 2001.4095. SLOT MACHINE AND VIDEO LOTTERY NOT AUTHORIZED. This chapter does not authorize the use of a slot machine or a video lottery terminal.

SECTION __. Subchapter I, Chapter 2001, Occupations Code, is amended by adding Sections 2001.421, 2001.422, and 2001.423 to read as follows:

Sec. 2001.421. PRIZE FEE, PAYOUT PERCENTAGE, AND REVENUE DEDICATION FOR ELECTRONIC PULL-TAB BINGO. (a) A licensed authorized organization shall collect from a person who wins an electronic pull-tab bingo prize of more than \$5 a fee in the amount of five percent of the amount or value of the prize and shall remit a fee in the amount of five percent for all prizes awarded as a result of electronic pull-tab bingo games.

(b) The prize payout percentage for electronic pull-tab bingo games may not be less than the prize payout percentage established for a paper pull-tab bingo game.

(c) The revenue received by the state from the fee imposed by Subsection (a) shall be used to finance the public primary and secondary schools of this state or to reduce public school property taxes, or both, as provided by the General Appropriations Act or other law.

Sec. 2001.422. NO EXCLUSIVE VENDOR FOR ELECTRONIC PULL-TAB BINGO. The commission may not require that electronic pull-tab bingo be provided by a single vendor.

Sec. 2001.423. ADDITIONAL PROVISIONS REGARDING ELECTRONIC PULL-TAB BINGO. (a) In addition to the other provisions contained in this chapter, electronic pull-tab bingo may be allowed only under the following circumstances:

(1) at a location authorized by the commission as of January 1, 2005, that is owned by a governmental agency where bingo is conducted;

(2) at a location that was owned by a licensed

authorized organization where bingo was authorized to be conducted on January 1, 2005; and

(3) under a license held by a licensed commercial lessor whose license was in effect as of January 1, 2005, and whose license has been in effect continuously since that date.

SECTION __. The legislature finds and declares the following:

(1) In light of the state's need to reduce school property taxes and finance the public schools, the Texas Lottery Commission must be authorized to commence implementation and authorization of electronic pull-tab bingo games in accordance with Chapter 2001, Occupations Code, as amended by this Act, at the earliest possible date, consistent with legislative directive.

(2) The implementation of electronic pull-tab bingo described as authorized by Chapter 2001, Occupations Code, as amended by this Act, may require significant time, including analysis and testing of electronic monitoring terminals, electronic pull-tab bingo tickets, site controllers, point-of-sale stations, and card-minding devices, in order to establish electronic pull-tab bingo systems.

(3) The state's need to reform the public school finance system and to reduce property taxes constitutes an imminent peril to the public welfare, requiring the adoption of rules and authorization for the Texas Lottery Commission to conduct certain preimplementation activities related to regulating electronic pull-tab bingo to ensure:

(A) that the increase in state revenue from the prize fees derived from the conduct of electronic pull-tab bingo games is realized as soon as possible to further the public interest in reforming the public school finance system and reducing property taxes; and

(B) that electronic pull-tab bingo is fairly conducted and the proceeds derived from it are used for an authorized purpose, and to promote and ensure the integrity, security, honesty, and fairness of the electronic pull-tab bingo system.

(4) In order to commence operation of electronic

pull-tab bingo, as authorized by Chapter 2001, Occupations Code, as amended by this Act, the Texas Lottery Commission may conduct limited preimplementation activities as necessary to ensure the prompt approval of electronic pull-tab bingo equipment after the effective date of this Act.

(5) Before the effective date of the changes made to Chapter 2001, Occupations Code, by this Act, the Texas Lottery Commission may request and receive information related to applications for licensing and testing of electronic pull-tab bingo components as authorized under Chapter 2001, Occupations Code, as amended by this Act.

SECTION ____. The Texas Lottery Commission may expend money from the Commission's appropriations for the 2006-2007 biennium for purposes of conducting preimplementation activities to implement the changes made to Subchapter I, Chapter 2001, Occupations Code, by this Act, including the development and approval of forms for applications for licensing and testing of electronic pull-tab bingo equipment authorized by Chapter 2001, Occupations Code, as amended by this Act.

SECTION ____. (a) Not later than January 1, 2006, the Texas Lottery Commission shall adopt rules necessary to implement the changes in law made to Chapter 2001, Occupations Code, by this Act.

(b) Notwithstanding any other law, the following provisions apply to the procedures for adoption of the rules required by Subsection (a) of this section:

(1) the Texas Lottery Commission shall give at least 15 days' notice of its intention to adopt a rule before it adopts the rule under this section;

(2) a rule adopted under this section takes effect on the date it is filed in the office of the secretary of state;

(3) the commission shall notify all holders of a manufacturer's license of the adoption of a rule under this section not later than the 10th day after the adoption of the rule; and

(4) to the extent the provisions of this section are inconsistent with Subchapter B, Chapter 2001, Government Code, this section prevails.

SECTION ____. This Act takes effect November 1, 2005.