

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authorization and regulation of electronic pull-tab
3 bingo; not authorizing the use of slot machines or video lottery
4 terminals.

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

6 SECTION 1. Section 2001.002, Occupations Code, is amended
7 by amending Subdivision (5) and adding Subdivisions (9-a), (9-b),
8 (9-c), (13-a), (20-a), (20-b), and (26-a) to read as follows:

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

11 (A) includes:

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13 balls or other items are withdrawn to determine the letters and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

15 (ii) an electronic or mechanical
16 cardminding device;

17 (iii) a pull-tab dispenser;

18 (iv) a bingo card;

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

20 (vi) an electronic monitoring terminal;

21 (vii) a site controller; and

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

24 (B) does not include:

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

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

7 (9-a) "Electronic monitoring terminal" means a
8 computer or other electronic terminal with input capabilities and
9 touch screen or other video monitors that may be used to play
10 electronic pull-tab bingo. The term includes a portable, upright,
11 or tabletop terminal.

12 (9-b) "Electronic pull-tab bingo" means a version of
13 pull-tab bingo that is capable of being played on a card-minding
14 device or electronic monitoring terminal using electronic pull-tab
15 bingo tickets.

16 (9-c) "Electronic pull-tab bingo ticket" means an
17 electronic or printed ticket used in electronic pull-tab bingo that
18 is issued from a finite deal of tickets in which some of the tickets
19 have been designated in advance as winning tickets.

20 (13-a) "Independent testing facility" means a
21 laboratory of national reputation that is demonstrably competent
22 and qualified to scientifically test and evaluate devices for
23 compliance with this chapter. An independent testing facility may
24 not be owned or controlled by a licensee subject to this chapter,
25 except that the licensee may pay the facility for requested testing
26 and evaluation activities.

27 (20-a) "Player account card" means a plastic, magnetic

1 stripe, paper, or smart card that may be used to:

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

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

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

9 (20-b) "Point-of-sale station" includes a cashier or a
10 terminal that accepts or dispenses player account cards, debit
11 cards, or cash.

12 (26-a) "Site controller" means computer hardware or
13 software that is located on the premises of a licensed authorized
14 organization and that stores and distributes electronic pull-tab
15 bingo tickets for display on electronic monitoring terminals or
16 card-minding devices.

17 SECTION 2. Section 2001.054, Occupations Code, is amended
18 to read as follows:

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

21 (b) The commission has broad authority to adopt rules to
22 administer and ensure compliance with Sections 2001.409(b) and
23 2001.4091-2001.4095.

24 SECTION 3. Subsections (b), (d), and (f), Section 2001.407,
25 Occupations Code, are amended to read as follows:

26 (b) A licensed distributor may not furnish, by sale, lease,
27 or otherwise, bingo equipment or supplies to a person other than a

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

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

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

16 SECTION 4. Sections 2001.408 and 2001.409, Occupations
17 Code, are amended to read as follows:

18 Sec. 2001.408. OTHER METHODS FOR PLAYING BINGO.

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

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

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

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

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

4 (3) to read a player account card;

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

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

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

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

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

23 SECTION 5. Subchapter I, Chapter 2001, Occupations Code, is
24 amended by adding Sections 2001.4091 through 2001.4095 to read as
25 follows:

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

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

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

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

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

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

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

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

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

1 (e) The commission may inspect a site controller.

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

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

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

11 (2) accounting system data.

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

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

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

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

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

27 (4) for purchasing, marketing, and playing electronic

1 pull-tab bingo authorized by this chapter.

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

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

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

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

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

20 (4) may not use graphics, audio, lights or animation
21 to display the play or outcome of an approved electronic pull-tab
22 bingo ticket if the graphics, audio, lights or animation include a
23 spinning reel or reels or the electronic monitoring terminal or
24 card-minding device generates sounds that resemble the sounds of
25 bells, gongs, or whistles or of dropping coins in or spinning reels
26 on a slot machine.

27 (b) The commission may audit data relating to the sale,

1 exchange, inventory, or play of electronic pull-tab bingo tickets.

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

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

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

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

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

1 II game if it were subject to the provisions of Chapter 29, Title
2 25, United States Code, and the rules and regulations under those
3 provisions in effect on January 1, 2005. In the alternative, a
4 licensee may demonstrate that its system complies with the above
5 requirements by submitting evidence to the commission under this
6 subsection, which may include a certification or letter opinion
7 from the National Indian Gaming Commission or an independent
8 testing facility, or a final determination from a court of
9 competent jurisdiction that the system that includes the use of a
10 card-minding device, site controller, or electronic monitoring
11 terminal in connection with electronic pull-tab bingo is a Class II
12 game, and such determination shall be binding on the commission.

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

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

25 (1) the central communications system or facility
26 required to be maintained by the manufacturer to provide the
27 commission with the ability to review and audit electronic pull-tab

1 bingo sales data;

2 (2) the recording and reporting of:

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

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

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

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

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

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

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

22 SECTION 6. Subchapter I, Chapter 2001, Occupations Code, is
23 amended by adding Sections 2001.421, 2001.422, and 2001.423 to read
24 as follows:

25 Sec. 2001.421. PRIZE FEE, PAYOUT PERCENTAGE, AND REVENUE
26 DEDICATION FOR ELECTRONIC PULL-TAB BINGO. (a) A licensed
27 authorized organization shall collect from a person who wins an

1 electronic pull-tab bingo prize of more than \$5 a fee in the amount
2 of five percent of the amount or value of the prize and shall remit a
3 fee in the amount of five percent for all prizes awarded as a result
4 of electronic pull-tab bingo games.

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

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

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

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

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

23 (2) at a location that was owned by a licensed
24 authorized organization where bingo was authorized to be conducted
25 on January 1, 2005; and

26 (3) under a license held by a licensed commercial
27 lessor whose license was in effect as of January 1, 2005, and whose

1 license has been in effect continuously since that date.

2 SECTION 7. The legislature finds and declares the
3 following:

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

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

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

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

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

6 (4) In order to commence operation of electronic
7 pull-tab bingo, as authorized by Chapter 2001, Occupations Code, as
8 amended by this Act, the Texas Lottery Commission may conduct
9 limited preimplementation activities as necessary to ensure the
10 prompt approval of electronic pull-tab bingo equipment after the
11 effective date of this Act.

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

18 SECTION 8. The Texas Lottery Commission may expend money
19 from the Commission's appropriations for the 2006-2007 biennium for
20 purposes of conducting preimplementation activities to implement
21 the changes made to Subchapter I, Chapter 2001, Occupations Code,
22 by this Act, including the development and approval of forms for
23 applications for licensing and testing of electronic pull-tab bingo
24 equipment authorized by Chapter 2001, Occupations Code, as amended
25 by this Act.

26 SECTION 9. (a) Not later than January 1, 2006, the Texas
27 Lottery Commission shall adopt rules necessary to implement the

1 changes in law made to Chapter 2001, Occupations Code, by this Act.

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

5 (1) the Texas Lottery Commission shall give at least
6 15 days' notice of its intention to adopt a rule before it adopts
7 the rule under this section;

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

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

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

16 SECTION 10. This Act takes effect November 1, 2005.