

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

ARTICLE \_\_\_\_ . CHARITABLE BINGO

SECTION \_\_.01. Section 2001.002, Occupations Code, is amended by amending Subdivision (5) and adding Subdivisions (9-a), (9-b), (9-c), (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(i) a machine or other device from which balls or other items are withdrawn to determine the letters and numbers or other symbols to be called;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.

(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 an electronic version of pull-tab bingo that is 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 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.

(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:

(A) stores and distributes electronic pull-tab bingo tickets for display on electronic monitoring terminals or card-minding devices; and

(B) is located on the premises of a licensed authorized organization.

SECTION \_\_.02. 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 2001.4091-2001.4094.

SECTION \_\_.03. Sections 2001.407(b), (d), and (f), 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 [~~cards or of a used bingo flash board or blower~~] equipment or supplies to another licensed authorized organization.

SECTION \_\_.04. Section 2001.408, Occupations Code, is 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.

SECTION \_\_.05. Section 2001.409, Occupations Code, is amended by amending Subsection (a) and by adding Subsection (b) to read as follows:

(a) [~~A person may not use a card-minding device:~~  
~~(1) to 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.] A person may use a card-minding device:~~

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

(2) to display and exchange credits described by

Subdivision (1) for electronic bingo cards or 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 bingo games 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.

(b) The display of graphics and animation used to correspond to, display, or represent the outcome of an approved electronic pull-tab bingo ticket or electronic bingo card 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 re-approved.

SECTION \_\_.06. Subchapter I, Chapter 2001, Occupations Code, is amended by adding Sections 2001.4091-4001.4094 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 bingo games authorized by this chapter;

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

(5) play electronic bingo games authorized by this chapter.

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

(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.

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 display or exchange credits purchased, won, or otherwise available for play of electronic bingo games authorized by this chapter; or

(3) as a device capable of purchasing, marketing, and playing electronic bingo games 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 or electronic bingo cards. The generation or creation of the graphics and animation may not be the basis of a requirement that a pre-approved electronic monitoring terminal be retested or re-approved.

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

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

(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. All requests for an approval of bingo equipment under this section, that are received within 30 days 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 120 days after the date of adoption of such standards. Similar deadlines may be established for future approvals of new card-minding devices, site controllers, or electronic monitoring terminals.

(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.

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 of a site controller 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 un-played 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 bingo games 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.

SECTION \_\_.07. Subchapter I, Chapter 2001, Occupations Code, is amended by adding Sections 2001.421 and 2001.422 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 a 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 an electronic pull-tab bingo game.

(b) The prize payout percentage for an electronic pull-tab bingo game 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.

SECTION \_\_.08. Subchapter I, Chapter 2001, Occupations Code, is amended by adding Section 2001.423 to read as follows:

Sec. 2001.423. (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 \_\_.09. 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 changes to Chapter 2001, Occupations Code, as amended by this article, 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 article, 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 the electronic pull-tab bingo system.

(3) The State's public school finance and property tax reduction program constitute an imminent peril to the public welfare, requiring the adoption of rules and authorization for the Texas Lottery Commission to conduct certain pre-implementation activities related to regulating an electronic pull-tab bingo system 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 property tax



reduction; and

(B) that bingo is fairly conducted and the proceeds derived from bingo 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 the amendments in this article to Chapter 2001, Occupations Code, the Texas Lottery Commission may conduct limited pre-implementation acts as necessary to ensure the prompt approval of the electronic pull-tab bingo equipment after the effective date of this article.

(5) Before the effective date of the changes made in this article to Chapter 2001, Occupations Code, 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 article.

SECTION \_\_.10. The Texas Lottery Commission may expend money from the Commission's appropriations for the 2006-2007 biennium for purposes of conducting pre-implementation activities to implement the changes made by this article in Subchapter I, Chapter 2001, Occupations Code, including the development and approval of forms for applications for licensing and testing of electronic pull-tab bingo equipment authorized under Chapter 2001, Occupations Code, as amended by this article.

SECTION \_\_.11. (a) Not later than November 1, 2005, the Texas Lottery Commission shall adopt rules necessary to implement the changes in law made to Chapter 2001, Occupations Code, by this article.

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

(1) The Commission shall give at least 15 days' notice of its intention to adopt a rule before it adopts the rule pursuant to this section.

(2) A rule adopted pursuant to 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 pursuant to this section within 10 days of adoption.

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