

## **BILL ANALYSIS**

S.B. 796  
By: Lucio  
Licensing & Administrative Procedures  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Boxing was first regulated by the state in 1933 as a way to increase government revenue during the Great Depression. In the decades since, the law has evolved primarily to protect the physical and fiscal health of the boxers and to ensure the fairness of the fight. S.B. 796 continues this process and provides the Texas Department of Licensing and Regulation (department) the means to accommodate the growth of combative sports in Texas. S.B. 796 will encourage the growth of combative sports while improving the state's economic advantage over competitive states. It also will allow the department to concentrate its resources where they are most needed and enhance regulation of emerging combative sports. Combative sports continue to evolve and the law needs to be updated to reflect the current state of boxing and other combative sports.

As proposed, S.B. 796 will prohibit elimination tournaments in Texas. Texas currently assesses a three percent tax on the broadcasting rights receipts for combative sports. Unlike many states, the Texas tax has no cap. S.B. 796 will set a cap of \$30,000 on the broadcasting tax.

Further, S.B. 796 reduces regulation and red tape for established amateur sporting organizations by removing the requirement that the organization be recognized by the executive director of the department and that they notify the department in advance of their events.

S.B. 796 improves regulation of less established amateur combative sports organizations by requiring them to have their rules reviewed annually by the department.

Finally, S.B. 796 ends the requirement that professional wrestling promoters register with the Texas Secretary of State.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTION 2 (Section 2052.052, Occupations Code) and SECTION 15 (Section 2052.251, Occupations Code) of this bill.

### **ANALYSIS**

SECTION 1. Amends Section 2052.002, Occupations Code, as follows:

Sec. 2052.002. DEFINITIONS. Defines "amateur," "amateur combative sports association," "combative sports," "contest," "kickboxing," "martial arts," "match," and "mixed martial arts."

Redefines "boxing," "elimination tournament," "exhibition," "judge," "professional combative sports contestant," "promoter," and "referee."

Deletes existing definitions of "boxing promoter," "championship tournament," "elimination tournament boxing promoter," "elimination tournament contestant," "local tournament," "regional tournament," and "wrestling promoter."

SECTION 2. Amends Subsection (b), Section 2052.052, Occupations Code, to modify the areas for which the Texas Commission of Licensing and Regulation (commission) is authorized to adopt rules relating to boxing, martial arts, or mixed martial arts.

SECTION 3. Amends Section 2052.055(a), Occupations Code, to make a conforming change.

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SECTION 4. Amends Section 2052.101, Occupations Code, to make conforming changes.

SECTION 5. Amends the heading to Section 2052.102, Occupations Code, to read as follows:

Sec. 2052.102. PROMOTER LICENSE APPLICATION REQUIREMENTS.

SECTION 6. Amends Section 2052.102(a), Occupations Code, to make a conforming change.

SECTION 7. Amends Section 2052.107, Occupations Code, to make conforming changes.

SECTION 8. Amends Section 2052.110, Occupations Code, as follows:

Sec. 2052.110. LICENSE AND BONDING EXCEPTIONS. Provides that, if the contestants are amateurs, the licensing and bonding requirements of this chapter do not apply to:

(1) an event conducted by a college, school, or university that is part of the institution's athletic program in which only students of educational institutions participate;

(2) an event which is conducted by a troop, battery, company, or unit of the Texas National Guard or a law enforcement agency, and in which only members of military or law enforcement organizations participate; or

(3) an event which is conducted by an organization of the Olympic Games, the Paralympic Games, or the Pan-American Games and in which participants train or compete for advancement to or within the games. Deletes existing exceptions relating to a boxing events conducted with no prizes or that are conducted by a nonprofit organization. Renumbers subdivisions to reflect changes.

SECTION 9. Amends Section 2052.111, Occupations Code, to authorize the executive director to deny an application for a license or registration if certain circumstances apply.

SECTION 10. Amends Section 2052.113, Occupations Code, to make conforming changes.

SECTION 11. Amends Subchapter C, Chapter 2052, Occupations Code, by adding Sections 2052.116 and 2052.117, as follows:

Sec. 2052.116. AMATEUR COMBATIVE SPORTS ASSOCIATION REGISTRATION. Prohibits a person from acting as an amateur combative sports association unless the person is registered under this chapter.

Sec. 2052.117. AMATEUR COMBATIVE SPORTS ASSOCIATION REGISTRATION REQUIREMENTS. (a) Requires an applicant for registration as an amateur combative sports association to apply on a form acceptable to the executive director.

(b) Requires that an application be accompanied by a fee and certain information.

(c) Requires that rules of the association be approved by the department.

SECTION 12. Amends Section 2052.151, Occupations Code, as follows:

Sec. 2052.151. IMPOSITION AND RATE OF TAX. (a) Makes conforming changes.

(b) Provides that the tax, rather than the rate of the tax, is three percent of the gross receipts obtained from the sale of tickets to the event, and, in addition, three percent of gross receipts received from sales of broadcast rights or \$30,000, whichever is less.

SECTION 13. Amends Sections 2052.152 (a) and (b), Occupations Code, as follows:

(a) Requires a person on whom a tax is imposed under Section 2052.151, not later than three business days, rather than 72 hours, after the end of the event or telecast for which the tax is due,

to submit to the department a verified report on a form acceptable to, rather than furnished by, the department stating certain information.

(b) Includes a check in the forms of acceptable payment a person is required to attach to a report.

SECTION 14. Amends Section 2052.153, Occupations Code, to specify that a person exhibiting a simultaneous telecast of a live, spontaneous, or current combative sports event on a closed circuit telecast that occurs in Texas in which a fee is charge for admission to the exhibition is required to meet certain requirements, including compliance with the tax provisions of both Sections 2052.151 and 2052.152. Makes conforming changes.

SECTION 15. Amends Section 2052.251, Occupations Code, as follows:

Sec. 2052.251. New heading: GLOVES. Requires a combative sports event contestant to wear gloves of the type and weight specified by commission rule, rather than eight-ounce boxing gloves, unless the commission by applicable rule requires or permits contestants to not wear gloves. Makes conforming changes.

SECTION 16. Amends Section 2052.252, Occupations Code, as follows:

Sec. 2052.252. New heading: REGULATED AMATEUR EVENTS. (a) Provides that this section applies to an amateur combative sports event, other than an event described by Section 2052.110, rather than 2052.110(2), (3), (4), or (5) or an elimination tournament subject to Subchapter E, in which a fee is charged for admission to the event.

(b) Requires the amateur combative sports association sponsoring or producing the event to register with the department not later than 30 days before the date the event begins.

(c) Creates subsection from existing text.

(d) Requires each contestant, rather than entry, in the event to have been a member of the amateur combative sports association for the 30-day period immediately preceding the date the event begins and is required to be a member on the date of the event. Deletes existing text requiring registration not later than the third day before an event.

(e) Requires the amateur combative sports association, rather than organization, to determine the amateur standing of the event contestants and to establish training programs consisting of at least 30 days of training for each contestant.

(f) Creates subsection from existing text. Deletes existing text requiring profits from events to be used to develop amateur athletics.

(g) Redesignated from existing Subsection (h). Deletes text of existing Subsection (g) authorizing only a licensed judge or referee to participate in the event.

(h) Prohibits a professional combative sports contestant licensed under this chapter from participating as a contestant, rather than in any capacity, in the event.

SECTION 17. Amends Subchapter F, Chapter 2052, Occupations Code, by adding Section 2052.254, as follows:

Sec. 2052.254. ELIMINATION TOURNAMENTS. Prohibits an elimination tournament from being conducted in this state.

SECTION 18. Repealers in the Occupations Code:

(1) Sections 2052.103 (Elimination Tournament Boxing Promoter License Application Requirements), 2052.105 (Wrestling Promoter Registration), and 2052.106 (Wrestling Promoter Application Requirements); and

(2) Subchapter E, Chapter 2052 (Regulation of Elimination Tournaments).

SECTION 19. Effective date: September 1, 2005.

**EFFECTIVE DATE**

September 1, 2005.