

By: Flores

H.B. No. 1112

A BILL TO BE ENTITLED

1 AN ACT

2 relating to bingo accounts and the disposition of revenue from
3 charitable bingo.

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

5 SECTION 1. Section 2001.451, Occupations Code, is amended
6 by amending Subsections (a), (c), (d), and (e) and adding
7 Subsections (g), (h), (i), and (j) to read as follows:

8 (a) A licensed authorized organization shall establish and
9 maintain one regular checking account designated as the
10 organization's "bingo account." [~~The organization may also~~
11 ~~maintain an interest-bearing savings account designated as the~~
12 ~~"bingo savings account."~~]

13 (c) A licensed authorized organization may transfer [~~lend~~]
14 money from its general fund or other account to the organization's
15 [~~its~~] bingo account or to the bingo account of a unit of which the
16 organization is a member under Subchapter I-1, if applicable, if:

17 (1) the balance in the bingo account to which the funds
18 are transferred is less than the maximum amount permitted by this
19 section; and

20 (2) the organization notifies [~~requests and receives~~
21 ~~the prior approval of~~] the commission of the transfer not later than
22 the 10th working day after the date of the transfer. [~~Except as~~
23 ~~provided by this section, no other funds may be deposited in the~~
24 ~~bingo account.~~]

1 (d) Except as permitted by Subsection (c), a [A] licensed
2 authorized organization may not commingle [~~gross~~] receipts derived
3 from the conduct of bingo with other funds of the organization.

4 (e) Except as permitted by Section 2001.453(2) [~~Sections~~
5 2001.453(a)(2) and (3)], a [~~the~~] licensed authorized organization
6 may not transfer [~~gross~~] receipts derived from the conduct of bingo
7 to another account maintained by the organization.

8 (g) The bingo operations of a licensed authorized
9 organization must result in net proceeds over the organization's
10 license period.

11 (h) Except as provided by Subsection (i), a licensed
12 authorized organization or a unit of licensed authorized
13 organizations may retain operating capital in the organization's or
14 unit's bingo account in an amount equal to the organization's or
15 unit's actual average bingo expenses per quarter based on the
16 preceding four quarters, excluding prizes paid, but not to exceed a
17 total of \$50,000 for a single organization or \$50,000 for each
18 member of a unit.

19 (i) The commission shall adopt rules permitting a licensed
20 authorized organization to retain a maximum amount of operating
21 capital in the bingo account in excess of the amount provided by
22 Subsection (h) if the organization:

23 (1) has conducted bingo for less than one year;

24 (2) experiences circumstances beyond the control of
25 the organization, including force majeure, that necessitate an
26 increase in operating capital; or

27 (3) furnishes the commission with a credible business

1 plan for the conduct of bingo or for the organization's existing or
2 planned charitable purposes that an increase in operating capital
3 will reasonably further.

4 (j) A licensed authorized organization may apply to the
5 commission for a waiver of the requirements of this section and
6 Section 2001.457. The commission may grant the waiver upon a
7 showing of good cause by the organization that compliance with this
8 section and Section 2001.457 is detrimental to the organization's
9 existing or planned charitable purposes. An organization applying
10 for a waiver establishes good cause by:

11 (1) providing credible evidence of circumstances
12 beyond the control of the organization, including force majeure; or

13 (2) furnishing the commission with a credible business
14 plan for the organization's conduct of bingo or the organization's
15 existing or planned charitable purposes.

16 SECTION 2. Section 2001.453, Occupations Code, is amended
17 to read as follows:

18 Sec. 2001.453. AUTHORIZED USES OF BINGO ACCOUNT. [~~(a)~~] A
19 licensed authorized organization may draw a check on its bingo
20 account only for:

21 (1) the payment of necessary and reasonable bona fide
22 expenses, including compensation of personnel, as permitted under
23 Section 2001.458 incurred and paid in connection with the conduct
24 of bingo; or

25 (2) the disbursement of net proceeds derived from the
26 conduct of bingo as provided by this subchapter [~~to charitable~~
27 ~~purposes; or~~

1 ~~[(3) the transfer of net proceeds derived from the~~
2 ~~conduct of bingo to the organization's bingo savings account~~
3 ~~pending a disbursement to a charitable purpose.~~

4 ~~[(b) A licensed authorized organization must make the~~
5 ~~disbursement of net proceeds on deposit in the bingo savings~~
6 ~~account to a charitable purpose by transferring the intended~~
7 ~~disbursement back into the organization's bingo account and then~~
8 ~~withdrawing an amount by a check drawn on the bingo account].~~

9 SECTION 3. Sections 2001.457(a), (b), and (c), Occupations
10 Code, are amended to read as follows:

11 (a) Before the end of each quarter, a licensed authorized
12 organization shall disburse all ~~[for charitable purposes an amount~~
13 ~~not less than 35 percent]~~ of the organization's net proceeds
14 ~~[adjusted gross receipts]~~ from the preceding quarter, other than
15 amounts retained under Section 2001.451, as provided by this
16 subchapter ~~[less the amount of authorized expenses not to exceed~~
17 ~~six percent of the gross receipts].~~

18 (b) If a licensed authorized organization fails to meet the
19 requirements of Subsection (a) ~~[this section]~~ for a quarter, the
20 commission in applying appropriate sanctions shall ~~[may]~~ consider
21 whether, taking into account the amount required to be disbursed
22 ~~[distributed]~~ during that quarter and the three preceding quarters
23 ~~[and the charitable distributions for each of those quarters]~~, the
24 organization has disbursed ~~[distributed]~~ a total amount sufficient
25 to have met the disbursement ~~[35 percent]~~ requirement for that
26 quarter and the three preceding quarters combined.

27 (c) A licensed authorized organization that has ceased to

1 conduct bingo for any reason and that has unexpended bingo funds
2 shall disburse those funds as provided by this subchapter [~~to~~
3 ~~charitable purposes~~] before the end of the next calendar quarter
4 after the calendar quarter in which the organization ceases to
5 conduct bingo.

6 SECTION 4. The Texas Lottery Commission shall adopt rules
7 as required by Section 2001.451, Occupations Code, as amended by
8 this Act, not later than January 1, 2006.

9 SECTION 5. (a) If on or after the effective date of this Act
10 a licensed authorized organization has a balance in its bingo
11 account of more than the maximum amount of operating capital
12 allowed by Chapter 2001, Occupations Code, as amended by this Act,
13 the organization shall distribute the funds in excess of the
14 organization's maximum operating capital allowed by Chapter 2001,
15 Occupations Code, as amended by this Act, not later than:

16 (1) the first anniversary of the effective date of
17 this Act if the excess amount is less than 200 percent of the
18 maximum amount of operating capital;

19 (2) the second anniversary of the effective date of
20 this Act if the excess amount is 200 percent or more but less than
21 300 percent of the maximum amount of operating capital; or

22 (3) the third anniversary of the effective date of
23 this Act if the excess amount is 300 percent or more of the maximum
24 amount of operating capital.

25 (b) The Texas Lottery Commission may waive the requirements
26 of Subsection (a) of this section on application and a showing of
27 good cause by a licensed authorized organization.

1 (c) This section expires January 1, 2009.

2 SECTION 6. This Act takes effect September 1, 2005.