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H.B. No. 1434

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the continuation and functions of the Texas Lottery
3 Commission.

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

5 SECTION 1. Section 466.014, Government Code, is amended by
6 adding Subsection (d) to read as follows:

7 (d) A contract between the division and a lottery operator
8 under Subsection (b) must contain a provision allowing the contract
9 to be terminated without penalty if the division is abolished.

10 SECTION 2. Subchapter B, Chapter 466, Government Code, is
11 amended by adding Section 466.027 to read as follows:

12 Sec. 466.027. COMPREHENSIVE BUSINESS PLAN. (a) The
13 commission shall develop a comprehensive business plan to guide the
14 commission's major initiatives. The plan at a minimum must
15 include:

16 (1) a description of each commission program and
17 project;

18 (2) key management information;

19 (3) accurate financial data; and

20 (4) a detailed financial management plan.

21 (b) The commission at least annually shall review the
22 comprehensive business plan to assess the overall performance and
23 value of each program and project.

24 SECTION 3. Section 466.101, Government Code, is amended to

1 read as follows:

2 Sec. 466.101. PROCUREMENT PROCEDURES. Except as otherwise
3 provided by this subchapter, the general law governing purchasing
4 and contracts by state agencies applies to the commission.

5 ~~[(a) The executive director may establish procedures for the~~
6 ~~purchase or lease of facilities, goods, and services and make any~~
7 ~~purchases, leases, or contracts that are necessary for carrying out~~
8 ~~the purposes of this chapter. The procedures must, as determined~~
9 ~~feasible and appropriate by the executive director, promote~~
10 ~~competition to the maximum extent possible.~~

11 ~~[(b) In all procurement decisions, the executive director~~
12 ~~shall take into account the particularly sensitive nature of the~~
13 ~~lottery and shall act to promote and ensure integrity, security,~~
14 ~~honesty, and fairness in the operation and administration of the~~
15 ~~lottery and the objective of producing revenues for the state~~
16 ~~treasury.~~

17 ~~[(c) The procurement procedures adopted by the executive~~
18 ~~director must, as determined feasible and appropriate by the~~
19 ~~executive director, afford any party who is aggrieved by the terms~~
20 ~~of a solicitation or the award of a contract an opportunity to~~
21 ~~protest the executive director's action to the commission. The~~
22 ~~protest procedures must provide for an expedient resolution of the~~
23 ~~protest in order to avoid substantially delaying a solicitation or~~
24 ~~contract award that is necessary for the timely implementation of a~~
25 ~~lottery game. A protest must be in writing and be filed with the~~
26 ~~commission not later than 72 hours after receipt of notice of the~~
27 ~~executive director's action.~~

1 ~~[(d) A party who is aggrieved by the commission's resolution~~
2 ~~of a protest under Subsection (c) may file an action in the district~~
3 ~~court of Travis County. The court shall give preference to hearings~~
4 ~~and trials of actions under this section. If the party filing the~~
5 ~~action seeks to enjoin the implementation of a solicitation or~~
6 ~~contract, the party shall post a bond that is payable to the state~~
7 ~~if the party does not prevail in the appeal, and is in an amount~~
8 ~~sufficient to compensate the state for the revenue that would be~~
9 ~~lost due to the delay in lottery operations.~~

10 ~~[(e) The commission shall require any person seeking to~~
11 ~~contract for goods or services relating to the implementation and~~
12 ~~administration of this chapter to submit to competitive bidding~~
13 ~~procedures in accordance with rules adopted by the commission. The~~
14 ~~procedures must be for the purpose of ensuring fairness and~~
15 ~~integrity.]~~

16 SECTION 4. Section 466.151, Government Code, is amended by
17 amending Subsection (d) and adding Subsections (f) and (g) to read
18 as follows:

19 (d) The director may license as a sales agent each person
20 the director believes will best serve the public convenience. The
21 director may not issue a license to a person to engage in business
22 exclusively as a sales agent. A license may not be transferred or
23 assigned to any other person ~~[or location]~~.

24 (f) On application by a license holder, the commission may
25 amend a license to change the location of a sales agency if:

26 (1) the proposed location complies with the provisions
27 of this chapter governing the location of a sales agency; and

1 (2) the license holder certifies to the director that
2 the proposed location complies with the Americans with Disabilities
3 Act (42 U.S.C. Section 12101 et seq.).

4 (g) An application for a license amendment under Subsection
5 (f) must:

6 (1) be on the form prescribed by the lottery division
7 for that purpose; and

8 (2) be accompanied by a fee in an amount determined by
9 the director to be at least sufficient to cover the costs incurred
10 by the division in processing the license amendment.

11 SECTION 5. Subchapter D, Chapter 466, Government Code, is
12 amended by adding Section 466.1585 to read as follows:

13 Sec. 466.1585. RENEWAL OF EXPIRED LICENSE. (a)
14 Notwithstanding Section 466.158, a person whose license has been
15 expired for 10 days or less may renew the license if otherwise
16 eligible for renewal by paying to the commission the required
17 renewal fee and an additional fee equal to one-half of the amount of
18 the renewal fee.

19 (b) A person whose license has been expired for more than 10
20 days may not renew the license. The person may obtain a new license
21 by complying with the requirements and procedures for obtaining an
22 original license under this subchapter.

23 SECTION 6. Section 466.160(a), Government Code, is amended
24 to read as follows:

25 (a) The commission may suspend a sales agent's license
26 summarily without notice or hearing if the commission finds that
27 the action is necessary to maintain the integrity, security,

1 honesty, or fairness of the operation or administration of the
2 lottery or to prevent financial loss to the state and:

3 (1) the sales agent fails to deposit money received
4 from ticket sales under Section 466.351;

5 (2) an event occurs that would render the sales agent
6 ineligible for a license under Section 466.155;

7 (3) the sales agent refuses to permit the executive
8 director, the director, the commission, or the state auditor to
9 examine the agent's books, records, papers, or other objects under
10 Section 466.017(b); [~~or~~]

11 (4) the executive director learns the sales agent has
12 failed to disclose information that would, if disclosed, render the
13 sales agent ineligible for a license under Section 466.155;

14 (5) the sales agent fails on request to provide a
15 complete legible set of fingerprints of a person required to be
16 named in a license application; or

17 (6) the sales agent fails on request to provide
18 information to verify the identity of a person required to be named
19 in a license application.

20 SECTION 7. Section 466.202(b), Government Code, is amended
21 to read as follows:

22 (b) The [~~executive~~] director may deny an application for a
23 license or the commission may summarily suspend, suspend, or revoke
24 a license if the applicant or sales agent fails on request to
25 provide:

26 (1) a complete legible set of fingerprints of a person
27 required to be named in a license application; or

1 (2) information to verify the identity of a person
2 required to be named in a license application.

3 SECTION 8. Subchapter F, Chapter 466, Government Code, is
4 amended by adding Section 466.257 to read as follows:

5 Sec. 466.257. STATE REVENUE ON PERCENTAGE WAGERED. Any game
6 of chance operated under the commission's authority or regulated by
7 the commission must generate as revenue to this state an amount that
8 is not less than 12 percent of the total amount wagered or otherwise
9 paid to play or participate in the game of chance. This section
10 does not apply to bingo conducted in accordance with Chapter 2001,
11 Occupations Code. This section does not apply to any game the
12 commission was authorized to offer, conduct, operate, or regulate
13 as of January 1, 2005.

14 SECTION 9. Section 466.353, Government Code, is amended by
15 adding Subsection (c) to read as follows:

16 (c) An individual who ceases to be an officer, director, or
17 owner of a sales agent shall promptly notify the director of that
18 fact. Failure to provide the notice does not relieve the individual
19 from personal liability under Subsection (b), even if the
20 individual is no longer an officer, director, or owner at the time
21 the liability to the sales agent accrues.

22 SECTION 10. Section 466.405(e), Government Code, is amended
23 to read as follows:

24 (e) In this section:

25 (1) "Custodian," "financial institution," and
26 "guardian" [, "adult," "bank," "custodian," "guardian," "member of
27 a minor's family," and "minor"] have the meanings assigned by

1 Section 141.002, Property Code.

2 (2) "Member of a minor's family" means the minor's
3 parent, stepparent, spouse, grandparent, brother, sister, uncle,
4 or aunt, whether of whole or half blood or by adoption.

5 (3) "Minor" means an individual who is younger than 18
6 years of age.

7 SECTION 11. Section 467.002, Government Code, is amended to
8 read as follows:

9 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
10 subject to Chapter 325 (Texas Sunset Act). Unless continued in
11 existence as provided by that chapter, the commission is abolished
12 and this chapter, Chapter 466, and Chapter 2001, Occupations Code,
13 expire [Act expires] September 1, 2017 [2005. In the review of the
14 commission by the Sunset Advisory Commission, as required by this
15 section, the sunset commission shall limit its review to the
16 appropriateness of recommendations made by the sunset commission to
17 the 78th Legislature. In the Sunset Advisory Commission's report
18 to the 79th Legislature, the sunset commission may include any
19 recommendations it considers appropriate].

20 SECTION 12. Sections 467.021(a) and (b), Government Code,
21 are amended to read as follows:

22 (a) The commission is composed of five [~~three~~] members
23 appointed by the governor with the advice and consent of the senate.

24 (b) Appointments [~~In making appointments~~] to the commission
25 shall be made without [~~, the governor shall strive to achieve~~
26 ~~representation by all the population groups of the state with]~~
27 regard to the [~~economic status, sex,~~] race, color, disability, sex,

1 religion, age, or national origin of the appointees [~~and~~
2 ethnicity].

3 SECTION 13. Section 467.022, Government Code, is amended to
4 read as follows:

5 Sec. 467.022. TERM OF OFFICE. Members hold office for
6 staggered terms of six years, with the terms of either one or two
7 members [~~member's term~~] expiring February 1 of each odd-numbered
8 year.

9 SECTION 14. Section 467.024, Government Code, is amended by
10 adding Subsections (c) and (d) to read as follows:

11 (c) A person may not be a commission employee employed in a
12 "bona fide executive, administrative, or professional capacity,"
13 as that phrase is used for purposes of establishing an exemption to
14 the overtime provisions of the federal Fair Labor Standards Act of
15 1938 (29 U.S.C. Section 201 et seq.), if:

16 (1) the person is an officer, employee, or paid
17 consultant of a Texas trade association in the field of bingo or
18 lottery; or

19 (2) the person's spouse is an officer, manager, or paid
20 consultant of a Texas trade association in the field of bingo or
21 lottery.

22 (d) A person may not act as the general counsel to the
23 commission if the person is required to register as a lobbyist under
24 Chapter 305 because of the person's activities for compensation on
25 behalf of a profession related to the operation of the commission.

26 SECTION 15. Subchapter B, Chapter 467, Government Code, is
27 amended by adding Section 467.0255 to read as follows:

1 Sec. 467.0255. TRAINING. (a) A person who is appointed to
2 and qualifies for office as a member of the commission may not vote,
3 deliberate, or be counted as a member in attendance at a meeting of
4 the commission until the person completes a training program that
5 complies with this section.

6 (b) The training program must provide the person with
7 information regarding:

8 (1) the legislation that created the commission and
9 the commission's programs, functions, rules, and budget;

10 (2) the results of the most recent formal audit of the
11 commission;

12 (3) the requirements of laws relating to open
13 meetings, public information, administrative procedure, and
14 conflicts of interest; and

15 (4) any applicable ethics policies adopted by the
16 commission or the Texas Ethics Commission.

17 (c) A person appointed to the commission is entitled to
18 reimbursement, as provided by the General Appropriations Act, for
19 travel expenses incurred in attending the training program
20 regardless of whether the attendance at the program occurs before
21 or after the person qualifies for office.

22 SECTION 16. Sections 467.026(a) and (c), Government Code,
23 are amended to read as follows:

24 (a) It is a ground for removal from the [~~The governor may~~
25 ~~remove a~~] commission that a member [~~if the member~~]:

26 (1) does not have at the time of taking office
27 [~~appointment~~] the qualifications required by Sections 467.023 and

1 467.024 [~~for appointment to the commission~~];

2 (2) does not maintain during service on the commission
3 the qualifications required by Sections 467.023 and 467.024 [~~for~~
4 ~~appointment to the commission~~];

5 (3) is ineligible for membership under [~~violates a~~
6 ~~prohibition established by~~] Section 467.023, 467.024, or 467.025;

7 (4) cannot, because of illness or disability,
8 discharge the member's duties for a substantial part of the member's
9 term [~~for which the member is appointed because of illness or~~
10 ~~disability~~]; or

11 (5) is absent from more than half of the regularly
12 scheduled commission meetings that the member is eligible to attend
13 during a calendar year without an excuse approved [~~unless the~~
14 ~~absence is excused~~] by majority vote of the commission.

15 (c) If the executive director [~~presiding officer~~] has
16 knowledge that a potential ground for removal exists, the executive
17 director [~~presiding officer~~] shall notify the presiding officer of
18 the commission of the potential ground. The presiding officer
19 shall then notify the governor and the attorney general that a
20 potential ground for removal exists. If the potential ground for
21 removal involves the presiding officer, the executive director
22 shall notify the next highest ranking officer of the commission,
23 who shall then notify the governor and the attorney general that a
24 potential ground for removal exists.

25 SECTION 17. Section 467.032(a), Government Code, is amended
26 to read as follows:

27 (a) The commission shall employ an executive director to

1 administer this chapter and Chapter 466.

2 SECTION 18. Subchapter B, Chapter 467, Government Code, is
3 amended by adding Section 467.0325 to read as follows:

4 Sec. 467.0325. BINGO OPERATIONS DIRECTOR. (a) The
5 commission shall employ a director of bingo operations to
6 administer this chapter in connection with the bingo division and
7 Chapter 2001, Occupations Code.

8 (b) The bingo operations director may contract with or
9 employ a person to perform a function, activity, or service in
10 connection with the administration and regulation of bingo.

11 (c) The bingo operations director serves at the will of the
12 commission.

13 SECTION 19. Section 467.033, Government Code, is amended to
14 read as follows:

15 Sec. 467.033. DIVISION DIRECTORS. The executive director
16 shall employ a director to oversee each division other than the
17 bingo division. A division director employed under this section
18 serves at the will of the executive director and is specifically
19 exempted from Chapter 654.

20 SECTION 20. Section 467.034, Government Code, is amended to
21 read as follows:

22 Sec. 467.034. EMPLOYEES. (a) Except as provided by
23 Subsection (b), the [The] executive director shall employ other
24 personnel necessary to administer the laws under the commission's
25 jurisdiction. Commission employees serve at the will of the
26 executive director.

27 (b) The bingo operations director shall employ personnel to

1 administer Chapter 2001, Occupations Code. Bingo division
2 personnel serve at the will of the bingo operations director.

3 (c) The executive director shall employ the personnel who
4 perform services for both the lottery division and the bingo
5 division and those employees serve at the will of the executive
6 director.

7 SECTION 21. Section 467.035, Government Code, is amended by
8 adding Subsection (b-1) to read as follows:

9 (b-1) The commission may not employ or continue to employ a
10 person who would be denied a license as a sales agent under Section
11 466.155.

12 SECTION 22. Subchapter B, Chapter 467, Government Code, is
13 amended by adding Section 467.037 to read as follows:

14 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
15 shall develop and implement policies that clearly separate the
16 policy-making responsibilities of the commission and the
17 management responsibilities of the executive director and the staff
18 of the commission.

19 SECTION 23. The heading to Section 467.103, Government
20 Code, is amended to read as follows:

21 Sec. 467.103. DUTIES OF EXECUTIVE DIRECTOR AND BINGO
22 OPERATIONS DIRECTOR.

23 SECTION 24. Section 467.103(a), Government Code, is amended
24 to read as follows:

25 (a) The executive director and the bingo operations
26 director shall perform all duties required by the commission to
27 administer this chapter and the laws under the commission's

1 jurisdiction. The executive director and the bingo operations
2 director may not hold other employment.

3 SECTION 25. Section 467.104(b), Government Code, is amended
4 to read as follows:

5 (b) Except as provided by this subsection, the ~~[The]~~
6 executive director shall keep the records of the commission. The
7 bingo operations director shall keep the records of the bingo
8 division.

9 SECTION 26. Subchapter C, Chapter 467, Government Code, is
10 amended by adding Sections 467.109-467.113 to read as follows:

11 Sec. 467.109. TECHNOLOGY POLICY. The commission shall
12 implement a policy requiring the commission to use appropriate
13 technological solutions to improve the commission's ability to
14 perform its functions. The policy must ensure that the public is
15 able to interact with the commission on the Internet.

16 Sec. 467.110. NEGOTIATED RULEMAKING AND ALTERNATIVE
17 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
18 implement a policy to encourage the use of:

19 (1) negotiated rulemaking procedures under Chapter
20 2008 for the adoption of commission rules; and

21 (2) appropriate alternative dispute resolution
22 procedures under Chapter 2009 to assist in the resolution of
23 internal and external disputes under the commission's
24 jurisdiction.

25 (b) The commission's procedures relating to alternative
26 dispute resolution must conform, to the extent possible, to any
27 model guidelines issued by the State Office of Administrative

1 Hearings for the use of alternative dispute resolution by state
2 agencies.

3 (c) The commission shall designate a trained person to:

4 (1) coordinate the implementation of the policy
5 adopted under Subsection (a);

6 (2) serve as a resource for any training needed to
7 implement the procedures for negotiated rulemaking or alternative
8 dispute resolution; and

9 (3) collect data concerning the effectiveness of those
10 procedures, as implemented by the commission.

11 Sec. 467.111. PUBLIC PARTICIPATION. The commission shall
12 develop and implement policies that provide the public with a
13 reasonable opportunity to appear before the commission and to speak
14 on any issue under the jurisdiction of the commission.

15 Sec. 467.112. COMPLAINTS. (a) The commission shall
16 maintain a system to promptly and efficiently act on complaints
17 filed with the commission. The commission shall maintain
18 information about parties to the complaint, the subject matter of
19 the complaint, a summary of the results of the review or
20 investigation of the complaint, and its disposition.

21 (b) The commission shall make information available
22 describing the commission's procedures for complaint investigation
23 and resolution.

24 (c) The commission shall periodically notify the complaint
25 parties of the status of the complaint until final disposition.

26 (d) The commission by rule shall require an investigation
27 related to a complaint filed with the commission to be completed

1 within a reasonable time.

2 (e) The commission shall analyze the complaints filed with
3 the commission to identify any trends or issues related to certain
4 violations.

5 Sec. 467.113. CONSUMER INFORMATION AND PROTECTION. The
6 commission shall identify applicable laws governing consumer
7 information and protection and adopt policies to ensure that the
8 commission complies with those laws.

9 SECTION 27. Section 2001.002(5), Occupations Code, is
10 amended to read as follows:

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

13 (A) includes:

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

17 (ii) an electronic or mechanical
18 cardminding device;

19 (iii) a pull-tab dispenser;

20 (iv) a bingo card;

21 (v) a bingo ball; and

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

24 (B) does not include:

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

1 under this chapter; or

2 (ii) a commonly available component part of
3 bingo equipment such as a light bulb or fuse; and

4 (C) does not include an electronic monitoring
5 terminal, a site controller, or any electronic device used to play
6 an electronic version of pull-tab bingo.

7 SECTION 28. Subchapter B, Chapter 2001, Occupations Code,
8 is amended by adding Section 2001.0555 to read as follows:

9 Sec. 2001.0555. COMPLIANCE MONITORING. The commission
10 shall adopt rules to govern the commission's monitoring of a
11 license holder to determine if the license holder is in compliance
12 with this chapter or rules adopted under this chapter. The rules at
13 a minimum must address audits and inspections and other compliance
14 and enforcement activities.

15 SECTION 29. Section 2001.057, Occupations Code, is amended
16 by adding Subsections (h) and (i) to read as follows:

17 (h) The committee shall annually develop a work plan
18 detailing the committee's objectives and the issues to be addressed
19 by the committee during the year. The plan must be submitted to and
20 formally approved by the commission in a public meeting. The plan
21 must:

22 (1) assess trends in the charitable bingo industry;
23 (2) review bingo rules to determine whether changes,
24 additions, or deletions are needed; and
25 (3) address other issues as determined by the
26 commission.

27 (i) The committee shall perform a review at the end of each

1 year to:

2 (1) assess the committee's accomplishments during the
3 year;

4 (2) identify opportunities for improving the
5 commission's regulation of bingo; and

6 (3) develop specific recommendations for commission
7 action.

8 SECTION 30. Section 2001.101, Occupations Code, is amended
9 to read as follows:

10 Sec. 2001.101. AUTHORIZED ORGANIZATION. (a) The
11 commission may license a person who is an authorized organization
12 eligible for a license to conduct bingo if the person has been in
13 existence for the time required by commission rule to ensure the
14 continuity and bona fide nature of the organization and is:

15 (1) a religious society [~~that has existed in this~~
16 ~~state for at least eight years~~];

17 (2) a nonprofit organization:

18 (A) whose predominant activities are for the
19 support of medical research or treatment programs; and

20 (B) that [~~for at least three years~~]:

21 (i) has [~~must have had~~] a governing body or
22 officers elected by a vote of members or by a vote of delegates
23 elected by the members; or

24 (ii) is [~~must have been~~] affiliated with a
25 state or national organization organized to perform the same
26 purposes as the nonprofit organization;

27 (3) a fraternal organization;

- (4) a veterans organization; or
- (5) a volunteer fire department.

(b) A fraternal organization:

(1) ~~[must have been organized in this state for at least three years,~~

~~[(2)]~~ must have ~~[had during the three-year period]~~ a bona fide membership actively and continuously engaged as an organization in furthering its authorized purposes; and

(2) ~~[(3)]~~ may not have authorized a person on behalf of its membership, governing body, or officers to support or oppose a particular candidate for public office by:

(A) making political speeches;

(B) passing out cards or other political literature;

(C) writing letters;

(D) signing or circulating petitions;

(E) making campaign contributions; or

(F) soliciting votes.

SECTION 31. Subchapter G, Chapter 2001, Occupations Code, is amended by adding Section 2001.3015 to read as follows:

Sec. 2001.3015. LICENSING RULES. The commission by rule shall:

(1) establish comprehensive qualifications for a person to be licensed or the person's license to be renewed under this chapter;

(2) develop a standard license renewal process, from submission to completion, for each license issued under this

1 chapter to ensure that a license holder continues to meet the
2 eligibility requirements provided by this chapter and commission
3 rule; and

4 (3) establish standards of conduct for a person
5 licensed under this chapter.

6 SECTION 32. The heading to Subchapter H, Chapter 2001,
7 Occupations Code, is amended to read as follows:

8 SUBCHAPTER H. LICENSE DENIAL AND DISCIPLINE [~~-, REVOCATION, AND~~
9 ~~SUSPENSION~~] OF LICENSE HOLDERS

10 SECTION 33. Section 2001.351, Occupations Code, is amended
11 to read as follows:

12 Sec. 2001.351. DENIAL OF LICENSE. (a) The commission may
13 deny an application for a license or renewal of a license issued
14 under this chapter for a cause that would permit or require the
15 suspension or revocation of a license issued under this chapter.

16 (b) In making a determination whether to renew a license,
17 the commission shall consider the compliance history of a license
18 holder. The commission shall adopt rules to govern the specific
19 areas of compliance history that may be considered in the renewal
20 determination.

21 (c) After an opportunity for a hearing, the commission may
22 deny an application for renewal of a license if the applicant's
23 compliance history reveals conduct that is inconsistent with this
24 chapter or the commission's rules adopted under this chapter in the
25 specific areas considered by the commission in accordance with the
26 rules adopted under Subsection (b).

27 SECTION 34. Section 2001.353, Occupations Code, is amended

1 to read as follows:

2 Sec. 2001.353. DISCIPLINE [~~SUSPENSION OR REVOCATION~~] OF
3 LICENSE HOLDERS. (a) After a hearing, the commission shall [~~may~~]
4 suspend, [~~or~~] revoke, or refuse to renew a license issued under this
5 chapter or shall reprimand a license holder for:

6 (1) failure to comply with this chapter or a
7 commission rule; or

8 (2) a reason that would allow or require the
9 commission to refuse to issue or renew a license of the same class.

10 (b) The commission may place on probation a person whose
11 license is suspended. If a license suspension is probated, the
12 commission may require the person:

13 (1) to report regularly to the commission on the
14 matters that are the basis of the probation;

15 (2) to limit the person's activities under the license
16 in the manner prescribed by the commission; or

17 (3) to take any other reasonable action prescribed by
18 the commission to address the matters that are the basis of the
19 probation.

20 (c) The commission by rule shall:

21 (1) adopt written guidelines to ensure that probation
22 is administered consistently; and

23 (2) develop a system to track compliance with
24 probation requirements.

25 SECTION 35. Section 2001.355, Occupations Code, is amended
26 by amending Subsection (b) and adding Subsections (d), (e), and (f)
27 to read as follows:

1 (b) Before temporarily suspending a license, the director
2 of bingo operations must follow any prehearing rules adopted by the
3 commission to determine if the license holder's continued operation
4 may constitute:

5 (1) an immediate threat to the health, safety, morals,
6 or welfare of the public; or

7 (2) a financial loss to this state, which includes a
8 license holder's failure to remit taxes under Section 2001.501 or
9 prize fee payments under Section 2001.502 to the commission as
10 required by those sections.

11 (d) The commission shall adopt rules to govern the temporary
12 suspension of a license under this section.

13 (e) If the commission temporarily suspends the license of a
14 licensed authorized organization that conducts bingo at a location
15 at which other licensed authorized organizations conduct bingo, the
16 commission shall:

17 (1) provide notice of the suspension, at the same time
18 and in the same manner as the suspended organization is notified of
19 the suspension, to any commercial lessor for that location and to
20 the other licensed authorized organizations that conduct bingo at
21 that location; and

22 (2) on application and approval:

23 (A) issue to one or more other licensed
24 authorized organizations an amended license or licenses to conduct
25 bingo at that location during the times the suspended organization
26 was licensed to conduct bingo at that location; or

27 (B) issue to one or more other licensed

1 authorized organizations licensed to conduct bingo at that location
2 temporary licenses that authorize the organization or
3 organizations to conduct bingo during the times the suspended
4 organization was licensed to conduct bingo at that location until
5 the suspended organization is permitted to resume conducting bingo
6 at that location or the suspended organization is replaced by
7 another licensed authorized organization licensed to conduct bingo
8 at those times at that location.

9 (f) A limitation on the number of temporary licenses that
10 may be issued to a licensed authorized organization provided by
11 another provision of this chapter does not apply to temporary
12 licenses issued under Subsection (e)(2)(B) if:

13 (1) each licensed authorized organization conducting
14 bingo at that location other than the organization whose license is
15 suspended has previously been issued the maximum number of
16 temporary licenses otherwise authorized by this chapter; and

17 (2) all bingo games held under the temporary licenses
18 are held within 60 days of the date of suspension.

19 SECTION 36. Subchapter H, Chapter 2001, Occupations Code,
20 is amended by adding Section 2001.358 to read as follows:

21 Sec. 2001.358. SCHEDULE OF SANCTIONS; TIMELINE. (a) The
22 commission by rule shall adopt a schedule of sanctions that defines
23 and summarizes violations of this chapter or commission rules
24 adopted under this chapter to ensure that the sanctions imposed are
25 appropriate to the violation.

26 (b) The schedule must:

27 (1) allow deviations from the schedule for mitigating

1 circumstances clearly established by the commission;

2 (2) include a list of the most common violations and
3 the sanctions assessed for those violations; and

4 (3) establish the sanctions in accordance with the
5 seriousness or frequency of each type of violation.

6 (c) The commission by rule shall establish a timeline for
7 resolution of a violation of this chapter or commission rules
8 adopted under this chapter. The rules must include:

9 (1) a designated period for a person licensed under
10 this chapter to provide proof of corrective measures taken as
11 required by the commission for a violation of this chapter or
12 commission rules; and

13 (2) an approach and a designated period for the
14 commission to subsequently monitor a person found to have committed
15 a significant violation of this chapter or commission rules.

16 SECTION 37. Section 2001.407(a), Occupations Code, is
17 amended to read as follows:

18 (a) A licensed manufacturer may furnish, by sale or
19 otherwise, bingo equipment or supplies to a licensed distributor.
20 A [~~Except as provided by Section 2001.257(b), a~~] licensed
21 manufacturer may not furnish, by sale or otherwise, bingo equipment
22 or supplies to a person other than a licensed distributor.

23 SECTION 38. Section 2001.459(a), Occupations Code, is
24 amended to read as follows:

25 (a) The following items of expense incurred or paid in
26 connection with the conduct of bingo must be paid from an
27 organization's bingo account:

- 1 (1) advertising, including the cost of printing bingo
2 gift certificates;
- 3 (2) security during a bingo occasion;
- 4 (3) the purchase or repair of bingo supplies and
5 equipment;
- 6 (4) prizes, other than authorized cash prizes;
- 7 (5) stated rental expenses;
- 8 (6) bookkeeping, legal, or accounting services;
- 9 (7) fees for callers, cashiers, and ushers;
- 10 (8) janitorial services; and
- 11 (9) license fees[~~, and~~
- 12 [~~(10) payment for services provided by a system~~
13 ~~service provider]~~.

14 SECTION 39. Section 2001.553(a), Occupations Code, is
15 amended to read as follows:

16 (a) A person commits an offense if a person sells or
17 attempts to induce the sale of bingo equipment or[~~7~~] supplies[~~7~~~~or~~
18 ~~automated bingo services~~] to a licensed authorized organization and
19 the person is not licensed to do so.

20 SECTION 40. The following are repealed:

21 (1) Sections 466.003, 466.102, 466.104, 466.105,
22 466.106, 466.107, 466.108, 467.032(c), and 2054.007(a), Government
23 Code;

24 (2) Sections 2001.002(3), 2001.052, 2001.057(b), and
25 2001.553(b), Occupations Code; and

26 (3) Subchapter F, Chapter 2001, Occupations Code.

27 SECTION 41. Not later than March 1, 2006, the Texas Lottery

1 Commission shall:

2 (1) adopt the rules and procedures required by Section
3 466.1005, Government Code, as added by this Act;

4 (2) adopt the rules required by:

5 (A) Section 467.112, Government Code, as added by
6 this Act;

7 (B) Sections 2001.0555 and 2001.3015,
8 Occupations Code, as added by this Act; and

9 (C) Sections 2001.101, 2001.351, 2001.353, and
10 2001.355, Occupations Code, as amended by this Act;

11 (3) adopt the comprehensive business plan required by
12 Section 466.027, Government Code, as added by this Act;

13 (4) adopt the policies required by Sections 467.110
14 and 467.113, Government Code, as added by this Act;

15 (5) adopt the schedule of sanctions and timeline
16 required by Section 2001.358, Occupations Code, as added by this
17 Act; and

18 (6) through the lottery division and its director,
19 prescribe the form of the license amendment application and the
20 amount of the license amendment fee as required by Section
21 466.151(g), Government Code, as added by this Act.

22 SECTION 42. The amendment by this Act of Section 2001.002,
23 Occupations Code, prevails over any conflicting act of the 79th
24 Legislature, Regular Session, 2005, regardless of the relative
25 dates of enactment.

26 SECTION 43. (a) The changes in law made by this Act in the
27 prohibitions or qualifications applying to a member of the Texas

1 Lottery Commission do not affect the entitlement of a member
2 serving on the Texas Lottery Commission immediately before
3 September 1, 2005, to continue to serve and function as a member of
4 the Texas Lottery Commission for the remainder of the member's
5 term. Those changes in law apply only to a member appointed on or
6 after September 1, 2005.

7 (b) Promptly after this Act takes effect, the governor shall
8 appoint two additional members to the Texas Lottery Commission. In
9 appointing those members, the governor shall appoint one person to
10 a term expiring February 1, 2009, and one to a term expiring
11 February 1, 2011.

12 (c) The changes in law made by this Act to Chapter 467,
13 Government Code, relating to the investigation of a complaint filed
14 with the Texas Lottery Commission apply only to a complaint filed on
15 or after September 1, 2005. A complaint filed with the commission
16 before September 1, 2005, is governed by the law as it existed
17 immediately before that date, and the former law is continued in
18 effect for that purpose.

19 (d) The change in law made by this Act governing purchasing
20 and contracts by the Texas Lottery Commission applies to a purchase
21 or contract made on or after the effective date of this Act, except
22 that a contract or purchase for which the initial notice soliciting
23 bids or proposals or other applicable expressions of interest is
24 given before that date is governed by the law in effect when the
25 initial notice for the contract or purchase is given, and the former
26 law is continued in effect for that purpose. The change in law made
27 by this Act does not affect a contract entered into before the

1 effective date of this Act, and does not apply to a purchase made on
2 or after the effective date of this Act under a contract entered
3 into before the effective date of this Act if the purchase is made
4 during the period covered by the contract.

5 (e) The changes in law made by this Act governing
6 eligibility of a person for a license under Chapter 2001,
7 Occupations Code, apply only to the issuance or renewal of a license
8 by the Texas Lottery Commission under Chapter 2001, Occupations
9 Code, as amended by this Act, on or after the effective date of this
10 Act. A license issued by the Texas Lottery Commission under that
11 chapter before the effective date of this Act is governed by the
12 licensing requirements in effect when the license was last issued
13 or renewed until the license expires or is renewed as provided by
14 Chapter 2001, Occupations Code, as amended by this Act.

15 SECTION 44. This Act takes effect September 1, 2005.