

By: Hamric, Solomons, Truitt, Dunnam

H.B. No. 1434

Substitute the following for H.B. No. 1434:

By: Goolsby

C.S.H.B. No. 1434

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

(2) key management information;

(3) accurate financial data; and

(4) a detailed financial management plan.

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

SECTION 3. Sections 466.101(a) and (b), Government Code,

1 are amended to read as follows:

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

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

15 SECTION 4. Section 466.105(a), Government Code, is amended
16 to read as follows:

17 (a) A contract for the acquisition or provision of
18 facilities, supplies, equipment, materials, or services related to
19 the operation of the lottery is ~~[not]~~ subject to the general law
20 governing purchasing and contracts by state agencies, including the
21 following statutes, to the extent not inconsistent with this
22 subchapter:

23 (1) Chapters ~~[Chapter]~~ 2054 and ~~[or]~~ 2254; and ~~[or]~~

24 (2) Subtitle D, Title 10.

25 SECTION 5. Section 466.151, Government Code, is amended by
26 amending Subsection (d) and adding Subsections (f) and (g) to read
27 as follows:

1 (d) The director may license as a sales agent each person
2 the director believes will best serve the public convenience. The
3 director may not issue a license to a person to engage in business
4 exclusively as a sales agent. A license may not be transferred or
5 assigned to any other person [~~or location~~].

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

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

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

13 (g) An application for a license amendment under Subsection
14 (f) must:

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

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

20 SECTION 6. Subchapter D, Chapter 466, Government Code, is
21 amended by adding Section 466.1585 to read as follows:

22 Sec. 466.1585. RENEWAL OF EXPIRED LICENSE. (a)
23 Notwithstanding Section 466.158, a person whose license has been
24 expired for 10 days or less may renew the license if otherwise
25 eligible for renewal by paying to the commission the required
26 renewal fee and an additional fee equal to one-half of the amount of
27 the renewal fee.

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

5 SECTION 7. Section 466.160(a), Government Code, is amended
6 to read as follows:

7 (a) The commission may suspend a sales agent's license
8 summarily without notice or hearing if the commission finds that
9 the action is necessary to maintain the integrity, security,
10 honesty, or fairness of the operation or administration of the
11 lottery or to prevent financial loss to the state and:

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

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

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

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

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

26 (6) the sales agent fails on request to provide
27 information to verify the identity of a person required to be named

1 in a license application.

2 SECTION 8. Section 466.202(b), Government Code, is amended
3 to read as follows:

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

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

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

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

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

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

22 (e) In this section:

23 (1) "Bank," [~~,"adult," "bank,"~~] "custodian," and
24 "guardian" [~~"guardian," "member of a minor's family," and "minor"~~]
25 have the meanings assigned by Section 141.002, Property Code.

26 (2) "Member of a minor's family" means the minor's
27 parent, stepparent, spouse, grandparent, brother, sister, uncle,

1 or aunt, whether of whole or half blood or by adoption.

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

4 SECTION 11. Section 467.002, Government Code, is amended to
5 read as follows:

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

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

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

21 (b) Appointments [~~In making appointments~~] to the commission
22 shall be made without [~~, the governor shall strive to achieve~~
23 ~~representation by all the population groups of the state with~~
24 regard to the [~~economic status, sex,~~] race, color, disability, sex,
25 religion, age, or national origin of the appointees [~~and~~
26 ~~ethnicity~~].

27 SECTION 13. Section 467.022, Government Code, is amended to

1 read as follows:

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

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

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

13 (1) the person is an officer, employee, or paid
14 consultant of a Texas trade association in the field of bingo or
15 lottery; or

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

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

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

25 Sec. 467.0255. TRAINING. (a) A person who is appointed to
26 and qualifies for office as a member of the commission may not vote,
27 deliberate, or be counted as a member in attendance at a meeting of

1 the commission until the person completes a training program that
2 complies with this section.

3 (b) The training program must provide the person with
4 information regarding:

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

7 (2) the results of the most recent formal audit of the
8 commission;

9 (3) the requirements of laws relating to open
10 meetings, public information, administrative procedure, and
11 conflicts of interest; and

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

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

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

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

23 (1) does not have at the time of taking office
24 [~~appointment~~] the qualifications required by Sections 467.023 and
25 467.024 [~~for appointment to the commission~~];

26 (2) does not maintain during service on the commission
27 the qualifications required by Sections 467.023 and 467.024 [~~for~~

1 ~~appointment to the commission];~~

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

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

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

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

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

24 (a) The commission shall employ an executive director to
25 administer this chapter and Chapter 466.

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

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

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

8 (c) The bingo operations director serves at the will of the
9 commission.

10 SECTION 19. Section 467.033, Government Code, is amended to
11 read as follows:

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

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

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

24 (b) The bingo operations director shall employ personnel to
25 administer Chapter 2001, Occupations Code. Bingo division
26 personnel serve at the will of the bingo operations director.

27 (c) The executive director shall employ the personnel who

1 perform services for both the lottery division and the bingo
2 division and those employees serve at the will of the executive
3 director.

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

6 (b-1) The commission may not employ or continue to employ a
7 person who would be denied a license as a sales agent under Section
8 466.155.

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

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

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

18 Sec. 467.103. DUTIES OF EXECUTIVE DIRECTOR AND BINGO
19 OPERATIONS DIRECTOR.

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

22 (a) The executive director and the bingo operations
23 director shall perform all duties required by the commission to
24 administer this chapter and the laws under the commission's
25 jurisdiction. The executive director and the bingo operations
26 director may not hold other employment.

27 SECTION 25. Section 467.104(b), Government Code, is amended

1 to read as follows:

2 (b) Except as provided by this subsection, the [The]
3 executive director shall keep the records of the commission. The
4 bingo operations director shall keep the records of the bingo
5 division.

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

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

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

16 (1) negotiated rulemaking procedures under Chapter
17 2008 for the adoption of commission rules; and

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

22 (b) The commission's procedures relating to alternative
23 dispute resolution must conform, to the extent possible, to any
24 model guidelines issued by the State Office of Administrative
25 Hearings for the use of alternative dispute resolution by state
26 agencies.

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

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

3 (2) serve as a resource for any training needed to
4 implement the procedures for negotiated rulemaking or alternative
5 dispute resolution; and

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

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

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

18 (b) The commission shall make information available
19 describing the commission's procedures for complaint investigation
20 and resolution.

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

23 (d) The commission by rule shall require an investigation
24 related to a complaint filed with the commission to be completed
25 within a reasonable time.

26 (e) The commission shall analyze the complaints filed with
27 the commission to identify any trends or issues related to certain

1 violations.

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

6 SECTION 27. Subchapter B, Chapter 2001, Occupations Code,
7 is amended by adding Section 2001.0555 to read as follows:

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

14 SECTION 28. Section 2001.057, Occupations Code, is amended
15 by adding Subsections (h) and (i) to read as follows:

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

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

26 (i) The committee shall perform a review at the end of each
27 year to:

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

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

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

7 SECTION 29. Section 2001.101, Occupations Code, is amended
8 to read as follows:

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

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

16 (2) a nonprofit organization:

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

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

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

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

26 (3) a fraternal organization;

27 (4) a veterans organization; or

1 (5) a volunteer fire department.

2 (b) A fraternal organization:

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

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

8 (2) [~~(3)~~] may not have authorized a person on behalf
9 of its membership, governing body, or officers to support or oppose
10 a particular candidate for public office by:

11 (A) making political speeches;

12 (B) passing out cards or other political
13 literature;

14 (C) writing letters;

15 (D) signing or circulating petitions;

16 (E) making campaign contributions; or

17 (F) soliciting votes.

18 SECTION 30. Subchapter G, Chapter 2001, Occupations Code,
19 is amended by adding Section 2001.3015 to read as follows:

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

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

25 (2) develop a standard license renewal process, from
26 submission to completion, for each license issued under this
27 chapter to ensure that a license holder continues to meet the

1 eligibility requirements provided by this chapter and commission
2 rule; and

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

5 SECTION 31. The heading to Subchapter H, Chapter 2001,
6 Occupations Code, is amended to read as follows:

7 SUBCHAPTER H. LICENSE DENIAL AND DISCIPLINE [~~REVOCA~~ AND
8 ~~SUSPENSION~~] OF LICENSE HOLDERS

9 SECTION 32. Section 2001.351, Occupations Code, is amended
10 to read as follows:

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

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

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

26 SECTION 33. Section 2001.353, Occupations Code, is amended
27 to read as follows:

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

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

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

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

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

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

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

19 (c) The commission by rule shall:

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

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

24 SECTION 34. Section 2001.355, Occupations Code, is amended
25 by amending Subsection (b) and adding Subsections (d), (e), and (f)
26 to read as follows:

27 (b) Before temporarily suspending a license, the director

1 of bingo operations must follow any prehearing rules adopted by the
2 commission to determine if the license holder's continued operation
3 may constitute:

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

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

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

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

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

21 (2) on application and approval:

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

26 (B) issue to one or more other licensed
27 authorized organizations licensed to conduct bingo at that location

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

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

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

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

18 SECTION 35. Subchapter H, Chapter 2001, Occupations Code,
19 is amended by adding Section 2001.358 to read as follows:

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

25 (b) The schedule must:

26 (1) allow deviations from the schedule for mitigating
27 circumstances clearly established by the commission;

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

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

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

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

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

15 SECTION 36. Section 2001.407(a), Occupations Code, is
16 amended to read as follows:

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

22 SECTION 37. Section 2001.459(a), Occupations Code, is
23 amended to read as follows:

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

27 (1) advertising, including the cost of printing bingo

1 gift certificates;

2 (2) security during a bingo occasion;

3 (3) the purchase or repair of bingo supplies and
4 equipment;

5 (4) prizes, other than authorized cash prizes;

6 (5) stated rental expenses;

7 (6) bookkeeping, legal, or accounting services;

8 (7) fees for callers, cashiers, and ushers;

9 (8) janitorial services; and

10 (9) license fees[~~and~~

11 [~~(10) payment for services provided by a system~~
12 ~~service provider~~].

13 SECTION 38. Section 2001.553(a), Occupations Code, is
14 amended to read as follows:

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

19 SECTION 39. The following are repealed:

20 (1) Sections 466.003, 467.032(c), and 2054.007(a),
21 Government Code;

22 (2) Sections 2001.002(3), 2001.052, 2001.057(b), and
23 2001.553(b), Occupations Code; and

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

25 SECTION 40. Not later than March 1, 2006, the Texas Lottery
26 Commission shall:

27 (1) adopt the rules and procedures required by Section

1 466.1005, Government Code, as added by this Act;

2 (2) adopt the rules required by:

3 (A) Section 467.112, Government Code, as added by
4 this Act;

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

7 (C) Sections 2001.101, 2001.351, 2001.353, and
8 2001.355, Occupations Code, as amended by this Act;

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

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

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

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

20 SECTION 41. (a) The changes in law made by this Act in the
21 prohibitions or qualifications applying to a member of the Texas
22 Lottery Commission do not affect the entitlement of a member
23 serving on the Texas Lottery Commission immediately before
24 September 1, 2005, to continue to serve and function as a member of
25 the Texas Lottery Commission for the remainder of the member's
26 term. Those changes in law apply only to a member appointed on or
27 after September 1, 2005.

1 (b) Promptly after this Act takes effect, the governor shall
2 appoint two additional members to the Texas Lottery Commission. In
3 appointing those members, the governor shall appoint one person to
4 a term expiring February 1, 2009, and one to a term expiring
5 February 1, 2011.

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

13 (d) The change in law made by this Act requiring the Texas
14 Lottery Commission to approve a procurement applies only to a
15 procurement or a contract for a procurement made on or after the
16 effective date of this Act. A procurement or procurement contract
17 made before the effective date of this Act is governed by the law in
18 effect when the procurement or contract was made, and the former law
19 is continued in effect for that purpose.

20 (e) The changes in law made by this Act governing
21 eligibility of a person for a license under Chapter 2001,
22 Occupations Code, apply only to the issuance or renewal of a license
23 by the Texas Lottery Commission under Chapter 2001, Occupations
24 Code, as amended by this Act, on or after the effective date of this
25 Act. A license issued by the Texas Lottery Commission under that
26 chapter before the effective date of this Act is governed by the
27 licensing requirements in effect when the license was last issued

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1 or renewed until the license expires or is renewed as provided by
2 Chapter 2001, Occupations Code, as amended by this Act.

3 SECTION 42. This Act takes effect September 1, 2005.