

1-1 By: Hamric, et al. (Senate Sponsor - Jackson) H.B. No. 1434
1-2 (In the Senate - Received from the House May 16, 2005;
1-3 May 17, 2005, read first time and referred to Committee on
1-4 Government Organization; May 20, 2005, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 5,
1-6 Nays 0; May 20, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1434 By: Jackson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the continuation and functions of the Texas Lottery
1-11 Commission.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 466.014, Government Code, is amended by
1-14 adding Subsection (d) to read as follows:

1-15 (d) A contract between the division and a lottery operator
1-16 under Subsection (b) must contain a provision allowing the contract
1-17 to be terminated without penalty if the division is abolished.

1-18 SECTION 2. Subchapter B, Chapter 466, Government Code, is
1-19 amended by adding Section 466.027 to read as follows:

1-20 Sec. 466.027. COMPREHENSIVE BUSINESS PLAN. (a) The
1-21 commission shall develop a comprehensive business plan to guide the
1-22 commission's major initiatives. The plan at a minimum must
1-23 include:

1-24 (1) a description of each commission program and
1-25 project;

1-26 (2) key management information;

1-27 (3) accurate financial data; and

1-28 (4) a detailed financial management plan.

1-29 (b) The commission at least annually shall review the
1-30 comprehensive business plan to assess the overall performance and
1-31 value of each program and project.

1-32 SECTION 3. Subchapter C, Chapter 466, Government Code, is
1-33 amended by adding Section 466.1005 to read as follows:

1-34 Sec. 466.1005. PROCUREMENTS. (a) The commission may
1-35 purchase or lease facilities, goods, and services and make any
1-36 purchases, leases, or contracts necessary for carrying out the
1-37 purposes of this chapter.

1-38 (b) The commission shall review and must approve all major
1-39 procurements as provided by commission rule. The commission by
1-40 rule shall establish a procedure to determine what constitutes a
1-41 major procurement based on the cumulative value of a contract and
1-42 other relevant factors.

1-43 (c) The commission may delegate to the executive director
1-44 the authority to approve procurements other than major
1-45 procurements.

1-46 SECTION 4. Sections 466.101(a) and (b), Government Code,
1-47 are amended to read as follows:

1-48 (a) The commission and executive director may establish
1-49 procedures for the purchase or lease of facilities, goods, and
1-50 services and make any purchases, leases, or contracts that are
1-51 necessary for carrying out the purposes of this chapter. The
1-52 procedures must, as determined feasible and appropriate by the
1-53 commission and executive director, promote competition to the
1-54 maximum extent possible.

1-55 (b) In all procurement decisions, the commission and
1-56 executive director shall take into account the particularly
1-57 sensitive nature of the lottery and shall act to promote and ensure
1-58 integrity, security, honesty, and fairness in the operation and
1-59 administration of the lottery and the objective of producing
1-60 revenues for the state treasury.

1-61 SECTION 5. Section 466.151, Government Code, is amended by
1-62 amending Subsection (d) and adding Subsections (f) and (g) to read
1-63 as follows:

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

2-6 (f) On application by a license holder, the commission may
2-7 amend a license to change the location of a sales agency if:

2-8 (1) the proposed location complies with the provisions
2-9 of this chapter governing the location of a sales agency; and

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

2-13 (g) An application for a license amendment under Subsection
2-14 (f) must:

2-15 (1) be on the form prescribed by the lottery division
2-16 for that purpose; and

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

2-20 SECTION 6. Subchapter D, Chapter 466, Government Code, is
2-21 amended by adding Section 466.1585 to read as follows:

2-22 Sec. 466.1585. RENEWAL OF EXPIRED LICENSE. (a)
2-23 Notwithstanding Section 466.158, a person whose license has been
2-24 expired for 10 days or less may renew the license if otherwise
2-25 eligible for renewal by paying to the commission the required
2-26 renewal fee and an additional fee equal to one-half of the amount of
2-27 the renewal fee.

2-28 (b) A person whose license has been expired for more than 10
2-29 days may not renew the license. The person may obtain a new license
2-30 by complying with the requirements and procedures for obtaining an
2-31 original license under this subchapter.

2-32 SECTION 7. Section 466.160(a), Government Code, is amended
2-33 to read as follows:

2-34 (a) The commission may suspend a sales agent's license
2-35 summarily without notice or hearing if the commission finds that
2-36 the action is necessary to maintain the integrity, security,
2-37 honesty, or fairness of the operation or administration of the
2-38 lottery or to prevent financial loss to the state and:

2-39 (1) the sales agent fails to deposit money received
2-40 from ticket sales under Section 466.351;

2-41 (2) an event occurs that would render the sales agent
2-42 ineligible for a license under Section 466.155;

2-43 (3) the sales agent refuses to permit the executive
2-44 director, the director, the commission, or the state auditor to
2-45 examine the agent's books, records, papers, or other objects under
2-46 Section 466.017(b); [~~or~~]

2-47 (4) the executive director learns the sales agent has
2-48 failed to disclose information that would, if disclosed, render the
2-49 sales agent ineligible for a license under Section 466.155;

2-50 (5) the sales agent fails on request to provide a
2-51 complete legible set of fingerprints of a person required to be
2-52 named in a license application; or

2-53 (6) the sales agent fails on request to provide
2-54 information to verify the identity of a person required to be named
2-55 in a license application.

2-56 SECTION 8. Section 466.202(b), Government Code, is amended
2-57 to read as follows:

2-58 (b) The [~~executive~~] director may deny an application for a
2-59 license or the commission may summarily suspend, suspend, or revoke
2-60 a license if the applicant or sales agent fails on request to
2-61 provide:

2-62 (1) a complete legible set of fingerprints of a person
2-63 required to be named in a license application; or

2-64 (2) information to verify the identity of a person
2-65 required to be named in a license application.

2-66 SECTION 9. Section 466.353, Government Code, is amended by
2-67 adding Subsection (c) to read as follows:

2-68 (c) An individual who ceases to be an officer, director, or
2-69 owner of a sales agent shall promptly notify the director of that

3-1 fact. Failure to provide the notice does not relieve the individual
3-2 from personal liability under Subsection (b), even if the
3-3 individual is no longer an officer, director, or owner at the time
3-4 the liability to the sales agent accrues.

3-5 SECTION 10. Section 466.405(e), Government Code, is amended
3-6 to read as follows:

3-7 (e) In this section:

3-8 (1) "Bank," [~~,"adult," "bank,"~~] "custodian," and
3-9 "guardian" [~~"guardian," "member of a minor's family," and "minor"~~]
3-10 have the meanings assigned by Section 141.002, Property Code.

3-11 (2) "Member of a minor's family" means the minor's
3-12 parent, stepparent, spouse, grandparent, brother, sister, uncle,
3-13 or aunt, whether of whole or half blood or by adoption.

3-14 (3) "Minor" means an individual who is younger than 18
3-15 years of age.

3-16 SECTION 11. Section 467.002, Government Code, is amended to
3-17 read as follows:

3-18 Sec. 467.002. APPLICATION OF SUNSET ACT. The commission is
3-19 subject to Chapter 325 (Texas Sunset Act). Unless continued in
3-20 existence as provided by that chapter, the commission is abolished
3-21 and this chapter, Chapter 466, and Chapter 2001, Occupations Code,
3-22 expire [~~Act expires~~] September 1, 2017 [~~2005. In the review of the~~
3-23 ~~commission by the Sunset Advisory Commission, as required by this~~
3-24 ~~section, the sunset commission shall limit its review to the~~
3-25 ~~appropriateness of recommendations made by the sunset commission to~~
3-26 ~~the 78th Legislature. In the Sunset Advisory Commission's report~~
3-27 ~~to the 79th Legislature, the sunset commission may include any~~
3-28 ~~recommendations it considers appropriate].~~

3-29 SECTION 12. Sections 467.021(a) and (b), Government Code,
3-30 are amended to read as follows:

3-31 (a) The commission is composed of five [~~three~~] members
3-32 appointed by the governor with the advice and consent of the senate.

3-33 (b) Appointments [~~In making appointments~~] to the commission
3-34 shall be made without [~~, the governor shall strive to achieve~~
3-35 ~~representation by all the population groups of the state with~~]
3-36 regard to the [~~economic status, sex,~~] race, color, disability, sex,
3-37 religion, age, or national origin of the appointees [~~and~~
3-38 ~~ethnicity~~].

3-39 SECTION 13. Section 467.022, Government Code, is amended to
3-40 read as follows:

3-41 Sec. 467.022. TERM OF OFFICE. Members hold office for
3-42 staggered terms of six years, with the terms of either one or two
3-43 members [~~member's term~~] expiring February 1 of each odd-numbered
3-44 year.

3-45 SECTION 14. Section 467.024, Government Code, is amended by
3-46 adding Subsections (c) and (d) to read as follows:

3-47 (c) A person may not be a commission employee employed in a
3-48 "bona fide executive, administrative, or professional capacity,"
3-49 as that phrase is used for purposes of establishing an exemption to
3-50 the overtime provisions of the federal Fair Labor Standards Act of
3-51 1938 (29 U.S.C. Section 201 et seq.), if:

3-52 (1) the person is an officer, employee, or paid
3-53 consultant of a Texas trade association in the field of bingo or
3-54 lottery; or

3-55 (2) the person's spouse is an officer, manager, or paid
3-56 consultant of a Texas trade association in the field of bingo or
3-57 lottery.

3-58 (d) A person may not act as the general counsel to the
3-59 commission if the person is required to register as a lobbyist under
3-60 Chapter 305 because of the person's activities for compensation on
3-61 behalf of a profession related to the operation of the commission.

3-62 SECTION 15. Subchapter B, Chapter 467, Government Code, is
3-63 amended by adding Section 467.0255 to read as follows:

3-64 Sec. 467.0255. TRAINING. (a) A person who is appointed to
3-65 and qualifies for office as a member of the commission may not vote,
3-66 deliberate, or be counted as a member in attendance at a meeting of
3-67 the commission until the person completes a training program that
3-68 complies with this section.

3-69 (b) The training program must provide the person with

4-1 information regarding:

4-2 (1) the legislation that created the commission and
 4-3 the commission's programs, functions, rules, and budget;

4-4 (2) the results of the most recent formal audit of the
 4-5 commission;

4-6 (3) the requirements of laws relating to open
 4-7 meetings, public information, administrative procedure, and
 4-8 conflicts of interest; and

4-9 (4) any applicable ethics policies adopted by the
 4-10 commission or the Texas Ethics Commission.

4-11 (c) A person appointed to the commission is entitled to
 4-12 reimbursement, as provided by the General Appropriations Act, for
 4-13 travel expenses incurred in attending the training program
 4-14 regardless of whether the attendance at the program occurs before
 4-15 or after the person qualifies for office.

4-16 SECTION 16. Sections 467.026(a) and (c), Government Code,
 4-17 are amended to read as follows:

4-18 (a) It is a ground for removal from the [The governor may
 4-19 remove a] commission that a member [if the member]:

4-20 (1) does not have at the time of taking office
 4-21 [appointment] the qualifications required by Sections 467.023 and
 4-22 467.024 [for appointment to the commission];

4-23 (2) does not maintain during service on the commission
 4-24 the qualifications required by Sections 467.023 and 467.024 [for
 4-25 appointment to the commission];

4-26 (3) is ineligible for membership under [violates a
 4-27 prohibition established by] Section 467.023, 467.024, or 467.025;

4-28 (4) cannot, because of illness or disability,
 4-29 discharge the member's duties for a substantial part of the member's
 4-30 term [for which the member is appointed because of illness or
 4-31 disability]; or

4-32 (5) is absent from more than half of the regularly
 4-33 scheduled commission meetings that the member is eligible to attend
 4-34 during a calendar year without an excuse approved [unless the
 4-35 absence is excused] by majority vote of the commission.

4-36 (c) If the executive director [presiding officer] has
 4-37 knowledge that a potential ground for removal exists, the executive
 4-38 director [presiding officer] shall notify the presiding officer of
 4-39 the commission of the potential ground. The presiding officer
 4-40 shall then notify the governor and the attorney general that a
 4-41 potential ground for removal exists. If the potential ground for
 4-42 removal involves the presiding officer, the executive director
 4-43 shall notify the next highest ranking officer of the commission,
 4-44 who shall then notify the governor and the attorney general that a
 4-45 potential ground for removal exists.

4-46 SECTION 17. Section 467.032(a), Government Code, is amended
 4-47 to read as follows:

4-48 (a) The commission shall employ an executive director to
 4-49 administer this chapter and Chapter 466.

4-50 SECTION 18. Subchapter B, Chapter 467, Government Code, is
 4-51 amended by adding Section 467.0325 to read as follows:

4-52 Sec. 467.0325. BINGO OPERATIONS DIRECTOR. (a) The
 4-53 commission shall employ a director of bingo operations to
 4-54 administer this chapter in connection with the bingo division and
 4-55 Chapter 2001, Occupations Code.

4-56 (b) The bingo operations director may contract with or
 4-57 employ a person to perform a function, activity, or service in
 4-58 connection with the administration and regulation of bingo.

4-59 (c) The bingo operations director serves at the will of the
 4-60 commission.

4-61 SECTION 19. Section 467.033, Government Code, is amended to
 4-62 read as follows:

4-63 Sec. 467.033. DIVISION DIRECTORS. The executive director
 4-64 shall employ a director to oversee each division other than the
 4-65 bingo division. A division director employed under this section
 4-66 serves at the will of the executive director and is specifically
 4-67 exempted from Chapter 654.

4-68 SECTION 20. Section 467.034, Government Code, is amended to
 4-69 read as follows:

5-1 Sec. 467.034. EMPLOYEES. (a) Except as provided by
5-2 Subsection (b), the [The] executive director shall employ other
5-3 personnel necessary to administer the laws under the commission's
5-4 jurisdiction. Commission employees serve at the will of the
5-5 executive director.

5-6 (b) The bingo operations director shall employ personnel to
5-7 administer Chapter 2001, Occupations Code. Bingo division
5-8 personnel serve at the will of the bingo operations director.

5-9 (c) The executive director shall employ the personnel who
5-10 perform services for both the lottery division and the bingo
5-11 division and those employees serve at the will of the executive
5-12 director.

5-13 SECTION 21. Section 467.035, Government Code, is amended by
5-14 adding Subsection (b-1) to read as follows:

5-15 (b-1) The commission may not employ or continue to employ a
5-16 person who would be denied a license as a sales agent under Section
5-17 466.155.

5-18 SECTION 22. Subchapter B, Chapter 467, Government Code, is
5-19 amended by adding Section 467.037 to read as follows:

5-20 Sec. 467.037. DIVISION OF RESPONSIBILITIES. The commission
5-21 shall develop and implement policies that clearly separate the
5-22 policy-making responsibilities of the commission and the
5-23 management responsibilities of the executive director and the staff
5-24 of the commission.

5-25 SECTION 23. The heading to Section 467.103, Government
5-26 Code, is amended to read as follows:

5-27 Sec. 467.103. DUTIES OF EXECUTIVE DIRECTOR AND BINGO
5-28 OPERATIONS DIRECTOR.

5-29 SECTION 24. Section 467.103(a), Government Code, is amended
5-30 to read as follows:

5-31 (a) The executive director and the bingo operations
5-32 director shall perform all duties required by the commission to
5-33 administer this chapter and the laws under the commission's
5-34 jurisdiction. The executive director and the bingo operations
5-35 director may not hold other employment.

5-36 SECTION 25. Section 467.104(b), Government Code, is amended
5-37 to read as follows:

5-38 (b) Except as provided by this subsection, the [The]
5-39 executive director shall keep the records of the commission. The
5-40 bingo operations director shall keep the records of the bingo
5-41 division.

5-42 SECTION 26. Subchapter C, Chapter 467, Government Code, is
5-43 amended by adding Sections 467.109-467.113 to read as follows:

5-44 Sec. 467.109. TECHNOLOGY POLICY. The commission shall
5-45 implement a policy requiring the commission to use appropriate
5-46 technological solutions to improve the commission's ability to
5-47 perform its functions. The policy must ensure that the public is
5-48 able to interact with the commission on the Internet.

5-49 Sec. 467.110. NEGOTIATED RULEMAKING AND ALTERNATIVE
5-50 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and
5-51 implement a policy to encourage the use of:

5-52 (1) negotiated rulemaking procedures under Chapter
5-53 2008 for the adoption of commission rules; and

5-54 (2) appropriate alternative dispute resolution
5-55 procedures under Chapter 2009 to assist in the resolution of
5-56 internal and external disputes under the commission's
5-57 jurisdiction.

5-58 (b) The commission's procedures relating to alternative
5-59 dispute resolution must conform, to the extent possible, to any
5-60 model guidelines issued by the State Office of Administrative
5-61 Hearings for the use of alternative dispute resolution by state
5-62 agencies.

5-63 (c) The commission shall designate a trained person to:

5-64 (1) coordinate the implementation of the policy
5-65 adopted under Subsection (a);

5-66 (2) serve as a resource for any training needed to
5-67 implement the procedures for negotiated rulemaking or alternative
5-68 dispute resolution; and

5-69 (3) collect data concerning the effectiveness of those

6-1 procedures, as implemented by the commission.

6-2 Sec. 467.111. PUBLIC PARTICIPATION. The commission shall
 6-3 develop and implement policies that provide the public with a
 6-4 reasonable opportunity to appear before the commission and to speak
 6-5 on any issue under the jurisdiction of the commission.

6-6 Sec. 467.112. COMPLAINTS. (a) The commission shall
 6-7 maintain a system to promptly and efficiently act on complaints
 6-8 filed with the commission. The commission shall maintain
 6-9 information about parties to the complaint, the subject matter of
 6-10 the complaint, a summary of the results of the review or
 6-11 investigation of the complaint, and its disposition.

6-12 (b) The commission shall make information available
 6-13 describing the commission's procedures for complaint investigation
 6-14 and resolution.

6-15 (c) The commission shall periodically notify the complaint
 6-16 parties of the status of the complaint until final disposition.

6-17 (d) The commission by rule shall require an investigation
 6-18 related to a complaint filed with the commission to be completed
 6-19 within a reasonable time.

6-20 (e) The commission shall analyze the complaints filed with
 6-21 the commission to identify any trends or issues related to certain
 6-22 violations.

6-23 Sec. 467.113. CONSUMER INFORMATION AND PROTECTION. The
 6-24 commission shall identify applicable laws governing consumer
 6-25 information and protection and adopt policies to ensure that the
 6-26 commission complies with those laws.

6-27 SECTION 27. Subchapter B, Chapter 2001, Occupations Code,
 6-28 is amended by adding Section 2001.0555 to read as follows:

6-29 Sec. 2001.0555. COMPLIANCE MONITORING. The commission
 6-30 shall adopt rules to govern the commission's monitoring of a
 6-31 license holder to determine if the license holder is in compliance
 6-32 with this chapter or rules adopted under this chapter. The rules at
 6-33 a minimum must address audits and inspections and other compliance
 6-34 and enforcement activities.

6-35 SECTION 28. Section 2001.057, Occupations Code, is amended
 6-36 by adding Subsections (h) and (i) to read as follows:

6-37 (h) The committee shall annually develop a work plan
 6-38 detailing the committee's objectives and the issues to be addressed
 6-39 by the committee during the year. The plan must be submitted to and
 6-40 formally approved by the commission in a public meeting. The plan
 6-41 must:

6-42 (1) assess trends in the charitable bingo industry;
 6-43 (2) review bingo rules to determine whether changes,
 6-44 additions, or deletions are needed; and
 6-45 (3) address other issues as determined by the
 6-46 commission.

6-47 (i) The committee shall perform a review at the end of each
 6-48 year to:

6-49 (1) assess the committee's accomplishments during the
 6-50 year;
 6-51 (2) identify opportunities for improving the
 6-52 commission's regulation of bingo; and
 6-53 (3) develop specific recommendations for commission
 6-54 action.

6-55 SECTION 29. Section 2001.101, Occupations Code, is amended
 6-56 to read as follows:

6-57 Sec. 2001.101. AUTHORIZED ORGANIZATION. (a) The
 6-58 commission may license a person who is an authorized organization
 6-59 eligible for a license to conduct bingo if the person has been in
 6-60 existence for the time required by commission rule to ensure the
 6-61 continuity and bona fide nature of the organization and is:

6-62 (1) a religious society [~~that has existed in this~~
 6-63 ~~state for at least eight years~~];

6-64 (2) a nonprofit organization:
 6-65 (A) whose predominant activities are for the
 6-66 support of medical research or treatment programs; and

6-67 (B) that [~~for at least three years~~]:
 6-68 (i) ~~has~~ [~~must have had~~] a governing body or
 6-69 officers elected by a vote of members or by a vote of delegates

7-1 elected by the members; or
 7-2 (ii) is [~~must have been~~] affiliated with a
 7-3 state or national organization organized to perform the same
 7-4 purposes as the nonprofit organization;

- 7-5 (3) a fraternal organization;
- 7-6 (4) a veterans organization; or
- 7-7 (5) a volunteer fire department.

7-8 (b) A fraternal organization:
 7-9 (1) [~~must have been organized in this state for at~~
 7-10 ~~least three years,~~

7-11 [~~(2)~~] must have [~~had during the three-year period~~] a
 7-12 bona fide membership actively and continuously engaged as an
 7-13 organization in furthering its authorized purposes; and

7-14 (2) [~~(3)~~] may not have authorized a person on behalf of
 7-15 its membership, governing body, or officers to support or oppose a
 7-16 particular candidate for public office by:

- 7-17 (A) making political speeches;
- 7-18 (B) passing out cards or other political
 7-19 literature;
- 7-20 (C) writing letters;
- 7-21 (D) signing or circulating petitions;
- 7-22 (E) making campaign contributions; or
- 7-23 (F) soliciting votes.

7-24 SECTION 30. Subchapter G, Chapter 2001, Occupations Code,
 7-25 is amended by adding Section 2001.3015 to read as follows:

7-26 Sec. 2001.3015. LICENSING RULES. The commission by rule
 7-27 shall:

7-28 (1) establish comprehensive qualifications for a
 7-29 person to be licensed or the person's license to be renewed under
 7-30 this chapter;

7-31 (2) develop a standard license renewal process, from
 7-32 submission to completion, for each license issued under this
 7-33 chapter to ensure that a license holder continues to meet the
 7-34 eligibility requirements provided by this chapter and commission
 7-35 rule; and

7-36 (3) establish standards of conduct for a person
 7-37 licensed under this chapter.

7-38 SECTION 31. The heading to Subchapter H, Chapter 2001,
 7-39 Occupations Code, is amended to read as follows:

7-40 SUBCHAPTER H. LICENSE DENIAL AND DISCIPLINE [~~, REVOCATION, AND~~
 7-41 ~~SUSPENSION]~~ OF LICENSE HOLDERS

7-42 SECTION 32. Section 2001.351, Occupations Code, is amended
 7-43 to read as follows:

7-44 Sec. 2001.351. DENIAL OF LICENSE. (a) The commission may
 7-45 deny an application for a license or renewal of a license issued
 7-46 under this chapter for a cause that would permit or require the
 7-47 suspension or revocation of a license issued under this chapter.

7-48 (b) In making a determination whether to renew a license,
 7-49 the commission shall consider the compliance history of a license
 7-50 holder. The commission shall adopt rules to govern the specific
 7-51 areas of compliance history that may be considered in the renewal
 7-52 determination.

7-53 (c) After an opportunity for a hearing, the commission may
 7-54 deny an application for renewal of a license if the applicant's
 7-55 compliance history reveals conduct that is inconsistent with this
 7-56 chapter or the commission's rules adopted under this chapter in the
 7-57 specific areas considered by the commission in accordance with the
 7-58 rules adopted under Subsection (b).

7-59 SECTION 33. Section 2001.353, Occupations Code, is amended
 7-60 to read as follows:

7-61 Sec. 2001.353. DISCIPLINE [~~SUSPENSION OR REVOCATION~~] OF
 7-62 LICENSE HOLDERS. (a) After a hearing, the commission shall [~~may~~]
 7-63 suspend, [~~or~~] revoke, or refuse to renew a license issued under this
 7-64 chapter or shall reprimand a license holder for:

7-65 (1) failure to comply with this chapter or a
 7-66 commission rule; or

7-67 (2) a reason that would allow or require the
 7-68 commission to refuse to issue or renew a license of the same class.

7-69 (b) The commission may place on probation a person whose

8-1 license is suspended. If a license suspension is probated, the
8-2 commission may require the person:

8-3 (1) to report regularly to the commission on the
8-4 matters that are the basis of the probation;

8-5 (2) to limit the person's activities under the license
8-6 in the manner prescribed by the commission; or

8-7 (3) to take any other reasonable action prescribed by
8-8 the commission to address the matters that are the basis of the
8-9 probation.

8-10 (c) The commission by rule shall:

8-11 (1) adopt written guidelines to ensure that probation
8-12 is administered consistently; and

8-13 (2) develop a system to track compliance with
8-14 probation requirements.

8-15 SECTION 34. Section 2001.355, Occupations Code, is amended
8-16 by amending Subsection (b) and adding Subsection (d) to read as
8-17 follows:

8-18 (b) Before temporarily suspending a license, the director
8-19 of bingo operations must follow any prehearing rules adopted by the
8-20 commission to determine if the license holder's continued operation
8-21 may constitute:

8-22 (1) an immediate threat to the health, safety, morals,
8-23 or welfare of the public; or

8-24 (2) a financial loss to this state, which includes a
8-25 license holder's failure to remit taxes under Section 2001.501 or
8-26 prize fee payments under Section 2001.502 to the commission as
8-27 required by those sections.

8-28 (d) The commission shall adopt rules to govern the temporary
8-29 suspension of a license under this section.

8-30 SECTION 35. Subchapter H, Chapter 2001, Occupations Code,
8-31 is amended by adding Section 2001.358 to read as follows:

8-32 Sec. 2001.358. SCHEDULE OF SANCTIONS; TIMELINE. (a) The
8-33 commission by rule shall adopt a schedule of sanctions that defines
8-34 and summarizes violations of this chapter or commission rules
8-35 adopted under this chapter to ensure that the sanctions imposed are
8-36 appropriate to the violation.

8-37 (b) The schedule must:

8-38 (1) allow deviations from the schedule for mitigating
8-39 circumstances clearly established by the commission;

8-40 (2) include a list of the most common violations and
8-41 the sanctions assessed for those violations; and

8-42 (3) establish the sanctions in accordance with the
8-43 seriousness or frequency of each type of violation.

8-44 (c) The commission by rule shall establish a timeline for
8-45 resolution of a violation of this chapter or commission rules
8-46 adopted under this chapter. The rules must include:

8-47 (1) a designated period for a person licensed under
8-48 this chapter to provide proof of corrective measures taken as
8-49 required by the commission for a violation of this chapter or
8-50 commission rules; and

8-51 (2) an approach and a designated period for the
8-52 commission to subsequently monitor a person found to have committed
8-53 a significant violation of this chapter or commission rules.

8-54 SECTION 36. Section 2001.407(a), Occupations Code, is
8-55 amended to read as follows:

8-56 (a) A licensed manufacturer may furnish, by sale or
8-57 otherwise, bingo equipment or supplies to a licensed distributor.
8-58 ~~A [Except as provided by Section 2001.257(b), a] licensed~~
8-59 ~~manufacturer may not furnish, by sale or otherwise, bingo equipment~~
8-60 ~~or supplies to a person other than a licensed distributor.~~

8-61 SECTION 37. Section 2001.459(a), Occupations Code, is
8-62 amended to read as follows:

8-63 (a) The following items of expense incurred or paid in
8-64 connection with the conduct of bingo must be paid from an
8-65 organization's bingo account:

8-66 (1) advertising, including the cost of printing bingo
8-67 gift certificates;

8-68 (2) security during a bingo occasion;

8-69 (3) the purchase or repair of bingo supplies and

9-1 equipment;
 9-2 (4) prizes, other than authorized cash prizes;
 9-3 (5) stated rental expenses;
 9-4 (6) bookkeeping, legal, or accounting services;
 9-5 (7) fees for callers, cashiers, and ushers;
 9-6 (8) janitorial services; and
 9-7 (9) license fees[~~, and~~
 9-8 [~~(10) payment for services provided by a system~~
 9-9 ~~service provider~~].

9-10 SECTION 38. Section 2001.553(a), Occupations Code, is
 9-11 amended to read as follows:

9-12 (a) A person commits an offense if a person sells or
 9-13 attempts to induce the sale of bingo equipment or[~~, or~~] supplies[~~, or~~
 9-14 ~~automated bingo services~~] to a licensed authorized organization and
 9-15 the person is not licensed to do so.

9-16 SECTION 39. The following are repealed:

9-17 (1) Sections 466.003 and 467.032(c), Government Code;
 9-18 (2) Sections 2001.002(3), 2001.052, 2001.057(b), and
 9-19 2001.553(b), Occupations Code; and
 9-20 (3) Subchapter F, Chapter 2001, Occupations Code.

9-21 SECTION 40. Not later than March 1, 2006, the Texas Lottery
 9-22 Commission shall:

9-23 (1) adopt the rules and procedures required by Section
 9-24 466.1005, Government Code, as added by this Act;

9-25 (2) adopt the rules required by:
 9-26 (A) Section 467.112, Government Code, as added by
 9-27 this Act;

9-28 (B) Sections 2001.0555 and 2001.3015,
 9-29 Occupations Code, as added by this Act; and

9-30 (C) Sections 2001.101, 2001.351, 2001.353, and
 9-31 2001.355, Occupations Code, as amended by this Act;

9-32 (3) adopt the comprehensive business plan required by
 9-33 Section 466.027, Government Code, as added by this Act;

9-34 (4) adopt the policies required by Sections 467.110
 9-35 and 467.113, Government Code, as added by this Act;

9-36 (5) adopt the schedule of sanctions and timeline
 9-37 required by Section 2001.358, Occupations Code, as added by this
 9-38 Act; and

9-39 (6) through the lottery division and its director,
 9-40 prescribe the form and amount of the license amendment fee as
 9-41 required by Section 466.151(f), Government Code, as added by this
 9-42 Act.

9-43 SECTION 41. (a) The changes in law made by this Act in the
 9-44 prohibitions or qualifications applying to a member of the Texas
 9-45 Lottery Commission do not affect the entitlement of a member
 9-46 serving on the Texas Lottery Commission immediately before
 9-47 September 1, 2005, to continue to serve and function as a member of
 9-48 the Texas Lottery Commission for the remainder of the member's
 9-49 term. Those changes in law apply only to a member appointed on or
 9-50 after September 1, 2005.

9-51 (b) Promptly after this Act takes effect, the governor shall
 9-52 appoint two additional members to the Texas Lottery Commission. In
 9-53 appointing those members, the governor shall appoint one person to
 9-54 a term expiring February 1, 2009, and one to a term expiring
 9-55 February 1, 2011.

9-56 (c) The changes in law made by this Act to Chapter 467,
 9-57 Government Code, relating to the investigation of a complaint filed
 9-58 with the Texas Lottery Commission apply only to a complaint filed on
 9-59 or after September 1, 2005. A complaint filed with the commission
 9-60 before September 1, 2005, is governed by the law as it existed
 9-61 immediately before that date, and the former law is continued in
 9-62 effect for that purpose.

9-63 (d) The change in law made by this Act requiring the Texas
 9-64 Lottery Commission to approve a procurement applies only to a
 9-65 procurement or a contract for a procurement made on or after the
 9-66 effective date of this Act. A procurement or procurement contract
 9-67 made before the effective date of this Act is governed by the law in
 9-68 effect when the procurement or contract was made, and the former law
 9-69 is continued in effect for that purpose.

10-1 (e) The changes in law made by this Act governing
10-2 eligibility of a person for a license under Chapter 2001,
10-3 Occupations Code, apply only to the issuance or renewal of a license
10-4 by the Texas Lottery Commission under Chapter 2001, Occupations
10-5 Code, as amended by this Act, on or after the effective date of this
10-6 Act. A license issued by the Texas Lottery Commission under that
10-7 chapter before the effective date of this Act is governed by the
10-8 licensing requirements in effect when the license was last issued
10-9 or renewed until the license expires or is renewed as provided by
10-10 Chapter 2001, Occupations Code, as amended by this Act.

10-11 SECTION 42. This Act takes effect September 1, 2005.

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