

## **BILL ANALYSIS**

Senate Research Center  
80R7457 BEF-F

S.B. 1552  
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State Affairs  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, a charitable raffle is prohibited from being advertised using a medium of mass communication and from being promoted statewide. A charitable raffle is not authorized to occur until financial security, in the form of a bond for the full amount of the money value of the prize, is posted to secure payment of a prize. These provisions may limit charity involvement.

Additionally, if a raffle is promoted at a bingo hall by a charity that does not conduct bingo at that hall, the charity conducting bingo (bingo charity) is prohibited from receiving any money from the charity that conducts the raffle (raffle charity), even though the raffle charity is using the bingo charity's premises. Lastly, it is potentially unclear whether certain non-cash prizes are allowed to be awarded or whether some raffle functions may be conducted using a video display. Statutory change may be necessary to clarify current language and to resolve those issues.

As proposed, S.B. 1552 authorizes raffles to be promoted within limited areas by mass media, authorizes payment of certain limited expenses stemming from the conduction of a raffle, provides that bingo charities receive money from the raffles conducted at bingo locations by non-bingo charities, and authorizes certain forms of non-cash prizes and limited use of video display.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2002.054, Occupations Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

- (a) Prohibits an authorized organization (organization) from using paid advertising to promote a raffle through certain mediums of mass communication except in an area that consists of all or part of not more than two metropolitan statistical areas as identified by the United States Census Bureau or in an area that includes any part of more than 20 counties if that area does not include such a statistical area.
- (b) Prohibits an organization from compensating a person directly or indirectly for organizing or conducting a raffle or for selling or offering to sell tickets to a raffle, except as provided by Subsection (d) and Section 2002.060, Occupations Code.
- (d) Authorizes an organization that conducts a raffle at a bingo premises to pay each licensed authorized organization conducting bingo at said premises a rental fee for the use of the premises, which may be equal to a percentage of the proceeds of the raffle.

SECTION 2. Amends Section 2002.056(d), Occupations Code, to provide that a raffle is not authorized by Chapter 2002 (Charitable Raffles), Occupations Code, unless the organization demonstrates in a written document made available to each participant in the raffle that the organization or its agent has on deposit with a financial institution in this state an amount equal to at least 50 percent of the outstanding value of raffle prizes offered at any time by the organization.

SECTION 3. Amends Subchapter B, Chapter 2002, Occupations Code, by adding Sections 2002.060 and 2002.061, as follows:

Sec. 2002.060. STORED VALUE CARDS. (a) Authorizes an organization to conduct a raffle using stored value cards to account for the cost of tickets purchased by and the value of prizes awarded to a participant.

(b) Sets forth certain requirements of a stored value card used in a raffle.

(c) Provides that a financial institution is liable for the amount of value stored on each stored value card used in conducting a raffle.

(d) Prohibits an organization from issuing a stored value card to a person unless the person presents valid government-issued identification card or document that is immediately verified under applicable federal law by the organization and complies with all state and federal laws governing the issuance of the card.

(e) Authorizes an organization to pay ordinary and necessary consideration to a person that provides raffle services requiring the purchase or use of stored value cards for the equipment necessary to utilize said cards in conducting a raffle.

Sec. 2002.061. VIDEO DISPLAY. Authorizes an organization to conduct a raffle using a video display to represent the purchase of a ticket by and the award of a prize to a participant. Authorizes the use of a video display with a raffle only at a bingo premises, as defined by Section 2001.002(22) (regarding the definition of bingo premises), Occupations Code, during one or more bingo occasions at those premises.

SECTION 4. Effective date: upon passage or September 1, 2007.